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BOARD of SUPERVISORS



401 Van Ness Avenue, Room 308
San Francisco 94102-4532
554-5184

NOTICE OF CANCELLED MEETINGS
FINANCE COMMITTEE
S.F. BOARD OF SUPERVISORS

DOCUMENTS DEPT.

AUG 20 1998

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NOTICE IS HEREBY GIVEN that the regularly scheduled meetings of the Finance Committee for Wednesday, August 26, 1998, September 2, 1998 and September 9, 1998, at 1:00 p.m., have been cancelled.

The next regularly scheduled meeting of the Finance Committee will be held on Wednesday, September 16, 1998, at 1:00 p.m. in Room 410, Veterans Building, 401 Van Ness Avenue, San Francisco, California.

John L. Taylor
John L. Taylor
Clerk of the Board

Posted: August 19, 1998

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9/16/98

MINUTES
FINANCE COMMITTEE
BOARD OF SUPERVISORS
CITY AND COUNTY OF SAN FRANCISCO
REGULAR MEETING

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SEP 17 1998
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WEDNESDAY, SEPTEMBER 16, 1998 - 1:00 P.M.

VETERANS BUILDING
401 VAN NESS AVENUE
ROOM 410

MEMBERS: SUPERVISORS MABEL TENG, BARBARA KAUFMAN, GAVIN NEWSOM

CLERK: JONI BLANCHARD

Meeting Commenced: 1:07 p.m.

CONSENT CALENDAR

1. All items listed hereunder constitute a Consent Calendar, are considered routine by Committee and will be acted on by a single, roll-call vote of Committee. There will be no separate discussion of items unless a member of the Committee or the public so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.
 - a. File 98-1415. [Prop J Contract, Airport Information Booth Program] Resolution approving the Controller's certification that Airport Information Booth Services at San Francisco International Airport can be practically performed by private contractor at a lower cost than if work were performed by City employees at presently budgeted levels. (Airport)

SPEAKERS: None.

ACTION: Recommended.
 - b. File 98-1354. [Reserved Funds, Fire Dept.] Hearing to consider release of reserved funds, Fire Dept. (1992 Fire Protection Bond Interest Earnings, Ord. No. 91-96), in the amount of \$112,000 for purpose of funding construction contract for Fire Station No. 25 renovation; see File 98-1353. (Dept. of Public Works)

SPEAKERS: None.

ACTION: Release of \$112,000 approved. Filed.
 - c. File 98-1373. [Emergency Repair, Spruce Street Sewer] Resolution approving the expenditure of funds for the emergency work to replace the structurally inadequate sewer in Spruce Street from Sacramento Street to California Street - \$78,151.74. (Public Utilities Commission)

SPEAKERS: None.

ACTION: Recommended.

- d. File 98-1374. [Emergency Repair, Ordway Street Sewer] Resolution approving the expenditure of funds for the emergency work to replace the structurally inadequate sewer in Ordway Street from Brussels Street to Goettingen Street - \$68,740.00. (Public Utilities Commission)

SPEAKERS: None.

ACTION: Recommended.

- e. File 98-1378. [Emergency Repair, Clayton Street Retaining Wall] Resolution finding and declaring a public emergency exists at Clayton Street; authorizing the Director of Public Works to take necessary measures in the most expeditious manner to protect the public safety, health, welfare, and property of the Citizens of San Francisco from the dangerous condition created by failure of the retaining wall at Clayton Street; and, because of this emergency, authorizing the Director to enter into agreements of indemnity - \$347,500. (Department of Public Works)

SPEAKERS: Fernando Cisneros, Dept. of Public Works - support; Ted Lakey, Deputy City Attorney - provided information.

ACTION: Hearing held. Amended on page 1, line 13 to replace "Corbett Avenue and Pemberton Place" with "Twin Peaks Boulevard and Greystone Terrace"; amended on page 3 beginning on line 5 after "\$347,500" to add "; and, be it FURTHER RESOLVED, That the City Attorney and the Department of Public Works are requested to seek to recover from the adjacent property owners, to the extent possible, the property owner's fair share of the expenses required to restore the retaining wall." Recommended as amended.

REGULAR CALENDAR

2. File 98-1176. [Settlement of Grievance, Fariba Mahmoudi] Ordinance authorizing settlement of the pay grievance of Fariba Mahmoudi filed pursuant to the Memorandum of Understanding between the International Federation of Professional and Technical Engineers, Local 21, AFL-CIO, and the City and County of San Francisco in the amount of Sixteen Thousand Eight Hundred Twenty-Six Dollars and Fifty Cents (\$16,826.50). (Department of Human Resources)
(Consideration continued from 8/5/98)

SPEAKER: Paula Schiff, Employee Relations Division - requested continuance.

ACTION: Hearing held. Consideration continued to 9/23/98.

3. File 98-1424. [Equipment Lease Supplement #7, Series 1998A Bonds] Ordinance approving the form of and authorizing execution and delivery by the City and County of San Francisco of an amended and restated Equipment Lease and an Equipment Lease Supplement No. 7 each between the City and County of San Francisco Finance Corporation, as lessor, and the City and County of San Francisco, as lessee, with respect to equipment to be used for City purposes, a related certificate of approval and a continuing disclosure certificate; approving the issuance of Lease Revenue Bonds by said nonprofit corporation in an amount not to exceed \$11,500,000; providing for reimbursement to the City of certain City expenditures incurred prior to the issuance of Lease Revenue Bonds; and providing for the execution of documents in connection therewith and ratifying previous actions taken in connection therewith. (Mayor's Office of Finance and Legislative Affairs)

SPEAKER: Harvey Rose, Budget Analyst.

ACTION: Hearing held. Recommended.

4. File 98-1366. [Appropriations Limit, FY 1998-1999] Resolution establishing the appropriations limit for fiscal year 1998-1999 pursuant to California Constitution Article XIII B. (Controller)

SPEAKER: Ed Harrington, Controller - provided information.

ACTION: Hearing held. Recommended.

5. File 98-1404. [Tax Rate Setting, CCSF, FY 1998-1999] Ordinance providing revenue and levying taxes for City and County purposes for the fiscal year ending June 30, 1999. (Controller)

SPEAKERS: Harvey Rose, Budget Analyst; Ed Harrington, Controller - provided information.

ACTION: Hearing held. Question divided concerning tax rate passthrough (See File 98-1541). Remainder recommended as divided (same title).

File 98-1541. [Tax Rate Pass Through] Resolution establishing tax rate pass through amount for residential tenants pursuant to Chapter 37 of the San Francisco Administrative Code (Residential Rent Stabilization). (Controller)

ACTION: Divided from File 98-1404. Consideration continued to 9/23/98.

6. File 98-1405. [Tax Rate Setting, SFUSD, FY 1998-1999] Ordinance providing revenue and levying taxes for San Francisco Unified School District purposes for the fiscal year ending June 30, 1999. (Controller)

SPEAKER: Ed Harrington, Controller - provided information.

ACTION: Hearing held. Recommended.

7. File 98-1406. [Tax Rate Setting, S.F. Community College, FY 1998-1999] Ordinance providing revenue and levying taxes for San Francisco Community College District purposes for the fiscal year ending June 30, 1999. (Controller)

SPEAKER: Ed Harrington, Controller - provided information.

ACTION: Hearing held. Recommended.

8. File 98-1407. [Appropriation, Art Commission] Ordinance amending the Annual Appropriation Ordinance for fiscal year 1998-1999, File Number 98-0850, Ordinance Number 242-98, to meet the requirements of the Art Commission pursuant to Charter Section 16.106. RO #98017. (Controller)

SPEAKER: Ed Harrington, Controller - provided information.

ACTION: Hearing held. Recommended.

VOTE ON ALL ITEMS WAS 3 - 0.

Meeting Adjourned: 1:32 p.m.

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CITY AND COUNTY



OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642
FAX (415) 252-0461

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SEP 16 1998

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September 11, 1998

TO: Finance Committee
FROM: Budget Analyst *Recommendations for meeting of*
SUBJECT: September 16, 1998 Finance Committee Meeting

Item 1a - File 98-1415

Department: Airport

Item: Resolution approving the Controller's certification that Airport Information Booth Services at San Francisco International Airport can continue to be practically performed by a private contractor for lower cost than if similar work were performed by City and County employees.

Services to be Performed: Airport Information Booth Services

Description: Charter Section 10.104(15) provides that the City may contract with private firms for services that had been performed by City employees if the Controller certifies, and the Board of Supervisors concurs, that such services can in fact be performed by private firms at a lower cost than similar work performed by City employees.

The Controller has determined that contracting for Airport Information Booth Services for FY 1998-99 would result in estimated savings as follows:

	Lowest Salary Step	Highest Salary Step
<u>City-Operated Services Costs</u>		
Salaries	\$1,080,287	\$1,304,642
Fringe Benefits	494,210	622,906
Operating Expenses	<u>170,990</u>	<u>170,990</u>
Total	\$1,745,487	\$2,098,538
 <u>Contractual Services Cost</u>	 <u>1,300,000</u>	 <u>1,300,000</u>
 <u>Estimated Savings</u>	 \$445,487	 \$798,538

Comments:

1. The Airport Department reports that Airport Information Booth Services Program involves the provision of information to air passengers regarding airport facilities and services, available ground transportation, regional accommodations, and visitor services and events. These contractual services were first certified as required under Proposition J (Charter Section 10.104(15)) in 1990, and have been continuously provided by an outside contractor since then.

2. Ms. Alice Sgourakis of the Airport reports that the current Airport Information Booth Services Program contract with Polaris Research and Development, Inc. began on October 15, 1995. The contract term is for one year, with four annual renewals up to a maximum term of five years. At the end of the current one-year renewal period on October 14, 1998, the Airport plans to exercise its option to renew this contract for the 12-month period from October 15, 1998 to October 14, 1999.

3. The Contractual Services Cost used for the purpose of this analysis is based on the current contractor's estimate of the costs to provide Information Booth Services for the 12-month period from October 15, 1998 to October 14, 1999.

4. The Controller's supplemental questionnaire with the Airport's responses is shown in the Attachment to this report.

Recommendation: Approve the proposed resolution.

BOARD OF SUPERVISORS
BUDGET ANALYST

REVISED CHARTER 8.300-1 (Proposition J) QUESTIONNAIRE

DEPARTMENT:

SFIA Landside Operations

CONTRACT SERVICES:

Airport Information (AI) Booth Program

CONTRACT PERIOD:

October 15, 1998 - October 14, 1999

- (1) Who performed services prior to contracting out?
Polaris Research & Development has performed these services since the program's inception in 1990. Airport Commission Resolution 95-0090 awarded the Airport Information Booth contract to Polaris for one year, with four additional one-year renewal options at Commission discretion. The contract renewal for the third of four renewal options will be proposed to the Airport Commission upon certification of cost analysis.
- (2) Number of City employees laid off as result of contracting out?
None (see #1)
- (3) Explain disposition of employees if they were not laid off.
N/A (see Item #1)
- (4) What percentage of a City employee's time is spent on services to be contracted out?
N/A (see Item #1)
- (5) How long have the services been contracted out? Is this likely to be a one-time or an ongoing request for contracting out?
Services have been contracted out since program inception on October 15, 1990; this will be ongoing request for contracting out.
- (6) What was the first fiscal year for a Proposition J Certification? Has it been certified for each subsequent year?
It was first certified in Fiscal Year 1990/91 and has been certified each subsequent year.
- (7) How will contract services meet the goals of your MBE/WBE Action Plan?
The firm was a certified MBE firm until the owner's death in 1995. The firm remains committed to employing a significant percentage of minorities. Currently eighty percent (80%) of the Polaris personnel employed on the AI program are minorities. In addition, the contractor will be required to demonstrate "best efforts" to achieve at least a 20% goal to utilize local MBEs and WBEs as subconsultants, vendors and suppliers. The company is also in the process of bringing in minority principals to once again qualify as an MBE.
- (8) Does the proposed contract require that the contractor provide health insurance for its employees? Even if it is not required, does the proposed contractor provide health insurance for its employees?
Although the contract does not require that the contractor provide health benefits, the Contractor does offer a full benefits package to employees, including health and disability coverage, life insurance, sick leave and vacation pay. The contractor also provides a 401K retirement program for employees.
- (9) Does the proposed contractor provide benefits to employees with spouses? If so, are the same benefits provided to employees with domestic partners? If not, how does the proposed contractor comply with the Domestic Partner ordinance?
Polaris provides benefits to employees with spouses and offers these benefits to domestic partners.

Department Representative:

Alice Sgourakis

Telephone Number:

(630) 794-6516

3/prop/071515d.332

Item 1b – File 98-1354

Department: Fire Department
Department of Public Works

Item: Release of reserved funds from 1992 Fire Department Bond Interest Earnings, in the amount of \$112,000 for the renovation of Fire Station No. 25, located at 3305 3rd Street.

Amount: \$112,000

Source of Funds: 1992 Fire Protection Bond Interest Earnings

Description: On March 6, 1996, the Board of Supervisors appropriated \$1,600,000 of 1992 Fire Protection Bond interest earnings (File No. 101-95-45) for various capital improvement projects at the Fire Department. Of the \$1,600,000, \$558,000 of these funds were placed on reserve pending the DPW's submission of cost details.

The Finance Committee subsequently authorized the release of funds in the amount of \$446,000 from the reserved balance of \$558,000 for other various projects, leaving a balance of \$112,000 on reserve. The proposed request would authorize the release of \$112,000 for the renovation of Fire Station No. 25, depleting all of the bond interest earnings appropriation.

According to Mr. Peter Wong of the Department of Public Works, construction work to be performed for the renovation of Fire Station No. 25, located at 3305 3rd Street, consists of seismic upgrading for the entire building, creating separate shower and restroom facilities for female firefighters, mechanical and electrical system upgrades, asbestos abatement and disability assess improvements in public areas.

Budget: The construction contract for the renovation of Fire Station No. 25 totals \$1,809,000 and was awarded to MLS Construction which submitted the second lowest bid. According to Mr. Wong, the lowest bid, which was \$14,000 less than the MLS Construction bid, was submitted by a firm which did not provide the DPW with the requisite information about its subcontractors. As a result, Mr.

Wong states that the firm that submitted the low bid was disqualified from the pool of eligible contract bidders.

The proposed request for release of \$112,000 from the bond interest earnings for the renovation of Fire Station No. 25 requires an additional \$1,697,000 (total construction contract amount of \$1,809,000 less the requested release of \$112,000 on reserve). According to Mr. Wong, the source of the additional \$1,697,000 would be from previously appropriated, unexpended 1992 Fire Protection Bond monies in the amount of \$163,402 (File No. 101-92-60) and from current legislation which is pending approval from the Board of Supervisors for the release of reserved monies from the Federal Emergency Management Agency Mitigation Grant Funds in the amount of \$1,533,598 (Item 2, File No. 98-1353, on the September 15, 1998, Economic Development, Transportation and Technology Committee Meeting).

Recommendation: Approve the proposed release of reserved funds.

Item 1c- File 98-1373

Department: Public Utilities Commission (PUC)
Department of Public Works (DPW)

Item: Resolution authorizing the expenditure of funds in the amount of \$78,151.74 for emergency repair work to replace the structurally inadequate sewer in Spruce Street between Sacramento Street and California Street.

Amount: \$78,151.74

Source of Funds: FY 1997-98 PUC Repair and Replacement Fund

Description: The Public Utilities Commission advises that on March 10, 1998 the sewer located in Spruce Street between Sacramento Street and California Street failed, and immediate repairs were required in order to protect the health, welfare, and property of the Citizens of San Francisco. The PUC declared an emergency on March 10, 1998. In accordance with Section 6.30 of the Administrative Code, the PUC initiated expedited contract procedures and awarded a contract to Harty Pipelines, Inc., the low bidder, in the amount of \$69,480.

Budget: The total estimated project cost is \$78,151.74, including \$55,501.74 in actual construction costs (or \$13,978.26 less than the bid amount; see Comment No. 2) and \$22,650 for DPW engineering and construction management costs. The Attachment details the DPW engineering and construction management costs.

Comment: 1. Mr. P. T. Law, Project Manager for the DPW, advises that Harty Pipelines, Inc. submitted the low bid for the emergency repair work. The table below lists the bidders and the amounts bid:

<u>Bidder</u>	<u>Bid Amount</u>
Harty Pipelines, Inc.	\$69,480
JMB Construction, Inc.	\$94,985
A. Ruiz Construction Co. & Assoc., Inc.	\$127,825

BOARD OF SUPERVISORS
BUDGET ANALYST

2. Mr. Law advises that the final payment to the Contractor was \$55,501.74, or \$13,978.26 less than the bid amount of \$69,480, to adjust for the actual cost of construction.

3. Mr. Law reports that the repair work of the damaged sewer began on March 19, 1998 and was completed on April 9, 1998.

4. Mr. Law advises that due to various delays in receiving expenditure documentation from the Contractor, the PUC is requesting approval of this proposed resolution approximately five months after the construction work was completed.

Recommendation: Approve the proposed resolution.

**Cost Breakdown for (J.O. #1595N, Contract #CW-172)
Spruce Street Emergency Sewer Replacement**

Bureau of Engineering

Classification	Title	Rate	Hours	Cost
5504	Project Manager II	\$ 92	5	\$ 460
5206	Associate Civil Engineer	\$ 75	27	\$ 2,025
5202	Junior Civil Engineer	\$ 50	64	\$ 3,200
5366	Civil Engineering Associate II	\$ 60	81	\$ 4,860
5381	Engineering Student Trainee II	\$ 33	22	\$ 726
1426	Secretary	\$ 43	32	\$ 1,376
				\$ 12,647
				Rounded: \$ 12,650

Bureau of Construction Management

Classification	Title	Rate	Hours	Cost
5210	Senior Civil Engineer	\$ 100	5	\$ 500
5208	Civil Engineer	\$ 80	8	\$ 640
5204	Assistant Civil Engineer	\$ 62	82	\$ 5,084
5318	Construction Inspector	\$ 70	54	\$ 3,780
				\$ 10,004
				Rounded: \$ 10,000

Item 1d- File 98-1374

Department: Public Utilities Commission (PUC)
Department of Public Works (DPW)

Item: Resolution authorizing the expenditure of funds in the amount of \$68,740 for emergency repair work to replace the structurally inadequate sewer on Ordway Street from Brussels Street to Goettingen Street.

Amount: \$68,740

Source of Funds: FY 1997-98 PUC Repair and Replacement Fund

Description: The Public Utilities Commission advises that on March 12, 1998 the sewer located in Ordway Street from Brussels Street to Goettingen Street failed and immediate repairs were required in order to protect the health, welfare and property of the Citizens of San Francisco. The PUC declared an emergency on March 13, 1998. In accordance with Section 6.30 of the Administrative Code, the PUC initiated expedited contract procedures and the PUC awarded a contract to Harty Pipelines, Inc., the low bidder, in the amount of \$59,340.

Budget: The total estimated project cost is \$68,740, including \$50,740 in actual construction costs (or \$8,600 less than the bid amount; see Comment No. 2) and \$18,000 for DPW engineering and construction management costs. The Attachment details the DPW engineering and construction management costs.

Comment: 1. Mr. P. T. Law, Project Manager for the DPW, advises that Harty Pipelines, Inc. submitted the low bid for the emergency repair work. The table below lists the bidders and the amounts:

<u>Bidder</u>	<u>Bid Amount</u>
Harty Pipelines, Inc.	\$59,340
JMB Construction, Inc.	\$65,876
Troy's Contracting/Trinet Construction	\$78,936

2. Mr. Law advises that the final payment to the Contractor was \$50,740, or \$8,600 less than the bid amount of \$59,340, to adjust for the actual cost of construction.

3. Mr. Law reports that the repair work of the damaged sewer began on March 26, 1998 and was completed on April 21, 1998.

4. Mr. Law advises that due to various delays in receiving expenditure documentation from the Contractor, the PUC is requesting approval of this proposed resolution approximately five months after the construction work was completed.

Recommendation: Approve the proposed resolution.

**Cost Breakdown for (J.O. #1596N, Contract #CW-179)
Ordway Street Emergency Sewer Replacement**

Bureau of Engineering

Classification	Title	Rate	Hours	Cost
5504	Project Manager II	\$ 92	4	\$ 368
5206	Associate Civil Engineer	\$ 75	19	\$ 1,425
5202	Junior Civil Engineer	\$ 50	46	\$ 2,300
5366	Civil Engineering Associate II	\$ 60	57	\$ 3,420
5381	Engineering Student Trainee II	\$ 33	15	\$ 495
1426	Secretary	\$ 43	23	\$ 989
				\$ 8,997
Rounded:				\$ 9,000

Bureau of Construction Management

Classification	Title	Rate	Hours	Cost
5210	Senior Civil Engineer	\$ 100	4	\$ 400
5208	Civil Engineer	\$ 80	8	\$ 640
5204	Assistant Civil Engineer	\$ 62	73	\$ 4,526
5316	Construction Inspector	\$ 70	49	\$ 3,430
				\$ 8,996
Rounded:				\$ 9,000

Item 1e – File 98-1378

Department: Department of Public Works (DPW)

Item: Resolution finding and declaring a public emergency exists at Clayton Street; authorizing the Director of the Department of Public Works to take necessary measures in the most expeditious manner to protect the public safety, health, welfare, and property of the citizens of San Francisco from the dangerous condition created by the failure of the retaining wall at Clayton Street; and, because of this emergency, authorizing the Director to enter into agreements of indemnity.

Amount: \$347,500

Source of Funds: Capital Improvement Project Funds for FY 1998-99

Description: According to Ms. Judi Mosqueda of the Department of Public Works (DPW), the heavy rainfall during the 1997-1998 rainy season caused the failure of a retaining wall at Clayton Street, between Corbett Avenue and Pemberton Place. Ms. Mosqueda advises that the failure of the retaining wall has created a dangerous condition which threatens the public safety, health, welfare, and property of the citizens of San Francisco.

On July 30, 1998, the DPW declared that an emergency existed at Clayton Street that required DPW to take immediate remedial action to reconstruct the retaining wall before the approaching rainy season. The proposed resolution declares the existence of an emergency and authorizes the DPW to proceed in the most expeditious manner to perform the necessary work to reconstruct the retaining wall at Clayton Street, between Corbett Avenue and Pemberton Place.

The proposed resolution would also authorize the Director of DPW to enter into agreements to hire necessary consultants and contractors for the emergency work at Clayton Street. Such agreements may contain a provision indemnifying such consultants and contractors from claims or other losses, except those caused by or resulting from the gross negligence or intentional acts or omissions

of the consultants or contractors, their officers, agents, or employees.

Ms. Mosqueda advises that the Director of DPW has determined that it is at best extremely difficult to retain necessary consultants and contractors to assist the City in this emergency, given the existence of the dangerous conditions at Clayton Street, without indemnifying such consultants and contractors.

Budget: The total estimated project cost is \$347,500, including \$275,000 for construction services (see Attachment I), \$42,500 for design services and \$30,000 for DPW costs. Attachment II provided by Ms. Mosqueda contains the budget details for the total estimated project costs of \$347,500.

Comments: 1. As previously mentioned, on July 30, 1998, the DPW declared that an emergency existed at Clayton Street. Ms. Mosqueda explains that the DPW could not initiate expedited contract procedures for the emergency work in accordance with Administrative Code Section 6.30 until DPW officials confirmed that the City would assume responsibility for reconstruction of the retaining wall. Ms. Mosqueda advises that the DPW is now requesting approval from the Board of Supervisors to initiate expedited contract procedures for the emergency work because the dangerous conditions at Clayton Street may worsen if such work is not completed before the start of the approaching rainy season. According to Ms. Mosqueda, if the proposed resolution is approved, the DPW intends to solicit bids for the emergency work on September 21, 1998, and award the construction contract to the lowest bidder in early October of 1998.

2. According to Mr. Lyndon Chee of the City Attorney's Office, the City is already liable for claims arising from the failure of the retaining wall at Clayton Street. Mr. Chee points out that if the proposed resolution is approved, the City will continue to assume the same amount of liability regarding the retaining wall at Clayton Street with the exception that the City cannot be held liable for claims arising from the gross negligence or

willful misconduct of the consultants and contractors hired to perform the emergency work.

3. The resolution incorrectly identifies (in one instance) the location of the emergency at Clayton Street as between Twin Peaks Boulevard and Greystone Terrace. The resolution should be amended to substitute such reference with the actual location of the emergency at Clayton Street between Corbett Avenue and Pemberton Place.

Recommendation: Approve the proposed resolution as amended.

ATTACHMENT I

CLAYTON STREET RETAINING WALL RECONSTRUCTION
JOB NO. 1692N
ESTIMATE OF BID PRICES
SEPTEMBER 9, 1998

Bid Item No.	Bid Item	Estimated Quantity	Unit	Unit Price	Amount
1	Trench and Excavation for Sewer Work		Lump Sum	\$2,000	\$2,000
2	Precast Concrete Catchbasin with Frame and Grating per SFDPW Standard Plan LL - 18,039.1 Ch. 8	1	Each	\$3,500	\$3,500
3	10-Inch VCP Culvert	22	L.F.	\$100	\$2,200
4	8-Inch VCP Side Sewer	18	L.F.	\$80	\$1,440
5	6-Inch VCP Cleanout Riser	16	L.F.	\$70	\$1,120
6	New Wall Including Excavation and Backfill		Lump Sum	\$195,000	\$195,000
7	Traffic Routing		Lump Sum	\$25,000	\$25,000
8	Sidewalk and Curb Repair		Allow	\$19,540	\$19,740
	Subtotal				\$250,000
	10% Contingency			\$25,000	\$25,000
	TOTAL				\$275,000

City and County of San Francisco

ATTACHMENT II
Page 1 of 2(415) 558-4021
FAX (415) 558-4519
http://www.sfdpw.comDepartment of Public Works
Project Management Division
30 Van Ness Avenue, 5th Floor
San Francisco, CA 94102-8020Willie Lewis Brown, Jr., Mayor
Mark A. Primeau, AIA, Director and City Architect

Kathryn How, Assistant City Engineer

September 9, 1998

Mr. Gabriel Cabrera, Budget Analyst
Board of Supervisors
1390 Market Street, Suite 1025
San Francisco, CA 94102

Subject: File 98-1378

Post-it® Fax Note

7671

Date	9/9/98	# of pages	3
To	GABE CABRERA		
From	J MOSQUEDA		
Co./Dept.	BOE	Co.	DPW/BOE
Phone #		Phone #	558-4039
Fax #	252-0461	Fax #	558-4032

Dear Mr. Cabrera:

Pursuant to your request, the following is the detailed breakdown of our projected estimate to perform the necessary emergency work to stabilize and repair the retaining wall on Clayton Street at Pemberton Place.

ESTIMATE OF PROJECT COSTS:

	DESCRIPTION	HOURS	RATE	SUBTOTAL	TOTAL
A	EMERGENCY CONTRACT-CONSTRUCTION*		Lump	\$250,000	
	10 % Contingency			\$25,000	
	Contractor to be determined				
	* See attached breakdown				\$275,000
B	BUREAU OF ENGINEERING (Design Services)				
	Structural Section				
	1) Engineer	111	72	\$7,992	
	2) Draftsperson	150	49	\$7,350	
	3) Section Manager	50	85	\$4,250	
	Hydraulics Section				
	1) Engineer	20	72	\$1,440	
	2) Draftsperson	24	49	\$1,176	
	3) Section Manager	4	85	\$340	
	Streets and Highways				
	1) Engineer	102	60	\$6,120	
	2) Draftsperson	48	49	\$2,352	
	3) Section Manager	4	85	\$340	
	Contract Preparation				
	1) Engineer	50	72	\$3,600	
	2) Section Manager	4	85	\$340	
	Project Management	72	72	\$5,184	
	Traffic Engineering	28	72	\$2,016	
					\$42,500

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Customer Service

Teamwork

Continuous Improvement

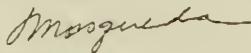
Mr. Gabriel Cabrera
 Budget Analyst
 Sept. 9, 1998
 Page 2

ATTACHMENT II
 Page 2 of 2

C	BUREAU OF CONSTRUCTION MANAGEMENT				
	Construction Manager	40	95	\$3,800	
	Resident Engineer	316	72	\$22,752	
	Senior Clerk Typist	9	42	\$378	
	Materials Testing Laboratory		Lump	\$3,070	
					\$30,000

If you have any further questions, please contact me at (415) 558-4039.

Sincerely yours,



Judi Mosqueda
 Project Management
 Department of Public Works

Attachment

cc. Fernando Cisneros
 Susan Yee

Item 2 – File 98-1176

Note: This item was continued by the Finance Committee at its meeting of August 5, 1998.

Department: Department of Human Resources (DHR)
Department of Transportation

Item: Ordinance authorizing the settlement of a pay grievance of Ms. Fariba Mahmoudi filed against the City pursuant to the Memoranda of Understanding (MOU) between the International Federation of Professional and Technical Engineers, Local 21, AFL-CIO, in the amount of \$16,826.50.

Description: The proposed ordinance would approve a settlement against the City in the amount of \$16,826.50 for a grievance filed on behalf of Ms. Fariba Mahmoudi by the International Federation of Professional and Technical Engineers, Local 21.

According to Mr. Geoffrey Rothman, of DHR, Ms. Mahmoudi was hired by the Department of Transportation as a 5202 Junior Civil Engineer at Step 1 on March 29, 1994 and worked at Step 1 for the period March 29, 1994 through November 17, 1995. According to Mr. Rothman, as stated in his attached memorandum of July 22, 1998, "At the time of her [Ms. Mahmoudi's] offer of employment she was informed that she could be appointed above the entrance rate of Step 1 if she provided records documenting that she would experience a loss of compensation if she was appointed at Step 1. Ms. Mahmoudi submitted the required documentation to the Department of Transportation to justify an appointment to Step 5. No action was initiated by the department to request approval of the Step 5 appointment."

The annual salary at Step 5 of a 5202 Junior Civil Engineer position as of March 29, 1994 when Ms. Mahmoudi was hired was \$44,970 or \$7,882 higher than the annual salary of \$37,088 at Step 1. On November 18, 1995, Ms. Mahmoudi was promoted to classification 5204 Assistant Civil Engineer at Step 3 and worked at Step 3 for the period November 18, 1995 through August 11, 1997. If her promotion to the 5204 Assistant Civil Engineer position had been based on Step 5 of a 5202 Junior Civil Engineer position, Ms. Mahmoudi would

have been promoted to Step 4 of the 5204 Assistant Civil Engineer position instead of to Step 3 of the 5204 Assistant Civil Engineer position. As of November 18, 1995, the date of her promotion, the annual salary at Step 4 of a 5204 Assistant Civil Engineer position was \$48,598 or \$2,766 higher than the \$45,832 annual salary at the Step 3 salary which Ms. Mahmoudi received.

Article III.3.G-Appointment Above Entrance Rate of the Memorandum of Understanding (MOU) between the International Federation of Professional and Technical Engineers, Local 21 states that, "Appointments may be made by an appointing officer at any Step in the compensation schedule upon the approval of the Human Resources Director under one or more of the following conditions: a) A former permanent City employee, following resignation with service satisfactory, is being reappointed to a permanent position in his/her former classification, b) loss of compensation would result if appointee accepts position at the normal Step, c) a severe, easily demonstrated and documented recruiting and retention problem exists, d) the appointee possessed special experience, qualifications, and/or skills including, but not limited to, the number of years performing similar work elsewhere which, in the Appointing Officer's opinion, warrants appointment above the entrance rate, e) to be considered, requests for adjustments under the provisions of this Section must be received in the offices of the Department of Human Resources not later than the end of the fiscal year in which the appointment is made, and f) when the Human Resources Director approves appointments of all new hires in a classification at a Step above the entrance rate, the Human Resource Director may advance to that Step incumbents in the same classification who are below that Step."

On behalf of Ms. Mahmoudi, Local 21, AFL-CIO filed a grievance against the City in July, 1996 asserting violation of Article III.3.G-Appointment Above Entrance Rate of the MOU.

In his July 22, 1998 memorandum, Mr. Rothman stated, "Ms. Mahmoudi inquired regarding the status of the request (to be appointed at a higher Step when she was

first hired by the Department of Transportation) shortly after she was hired and was provided with inaccurate information by a former supervisor that resulted in her belief that an adjustment to her salary Step was no longer possible. However, Ms. Mahmoudi raised the issue again a year later when she became aware that two new hires in the 5202 class were advised that they could be eligible for an appointment above the entrance rate. As a consequence, Ms. Mahmoudi inquired as to the misinformation given to her and again requested her appointment retroactively to the higher Step. The Department then submitted a request to the Department of Human Resources, now two years later, for the Step 5 appointment."

However, Mr. Rothman stated in his memorandum, "Requests for appointment above the entrance rate in order to be considered must be received either prior to appointment or at least within the same fiscal year of appointment. Therefore, the request was untimely and was denied by the Department of Human Resources."

However, at this time the Department of Human Resources is recommending approval of this subject settlement to grant Ms. Mahmoudi a settlement of \$16,826.50 because, as Mr. Rothman states in his memorandum, "In view of the facts and circumstances provided by Ms. Mahmoudi and by the union, the Department of Human Resources is recommending approval of this settlement."

Comments:

1. The Budget Analyst has found that the original calculation of \$16,826.50, as determined by the Department of Transportation, is in error and that the correct amount is \$13,936.79. The Department of Human Resources and the Department of Transportation are in agreement.
2. Ms. Vicki Clayton of the City Attorney's Office advises that if the Board of Supervisors does not approve the proposed ordinance, the dispute would be decided by an arbitrator.

3. The information in this report is based upon the settlement agreement originally submitted by the Department of Human Resources. Ms. Paula Schiff of the Department of Human Resources advises that a new settlement agreement is being negotiated with the International Federation of Professional and Technical Engineers. According to Ms. Schiff, this new agreement has not yet been finalized, therefore the Department has requested that this item be continued for one week.

Recommendations: Continue the proposed resolution for one week, as requested by the Department.



ANDREA R. GOURDINE
HUMAN RESOURCES DIRECTOR JR.

July 22, 1998

To: Harvey Rose
Board of Supervisors' Budget Analyst

Memo to Finance Committee
August 5, 1998

From: Geoffrey Rothman *NRV*
Employee Relations Director

Item 3 - File 98-1176

Re: Fariba Mahmoudi Settlement
File No. 98-1176

Ms. Fariba Mahmoudi was hired as a class 5202 Jr. Civil Engineer on March 29, 1994.

At the time of her offer of employment she was informed that she could be appointed above the entrance rate of step 1 if she provided records documenting that she would experience a loss of compensation if she was appointed at step 1. Ms. Mahmoudi submitted the required documentation to the Department of Transportation to justify an appointment to step 5. No action was initiated by the department to request approval of the step 5 appointment.

Ms. Mahmoudi inquired regarding the status of the request shortly after she was hired and was provided with inaccurate information by a former supervisor that resulted in her belief that an adjustment to her salary step was no longer possible.

However, Ms. Mahmoudi raised the issue again a year later when she became aware that two new hires into the 5202 class were advised that they could be eligible for an appointment above the entrance rate.

As a consequence, Ms. Mahmoudi inquired as to the misinformation given to her and again requested her appointment retroactively to the higher step.

The Department then submitted a request to the Department of Human Resources, now two years later, for the step 5 appointment.

Requests for appointment above the entrance rate in order to be considered must be received either prior to appointment or at least within the same fiscal year of appointment. Therefore, the request was untimely and was denied by the Department of Human Resources.

IFPTE, Local 21 then filed a grievance on behalf of Ms. Mahmoudi with the Department of Human Resources.

In view of the facts and circumstances provided by Ms. Mahmoudi and by the union, the Department of Human Resources is recommending approval of this settlement.

Item 3 - File 98-1424

Department: Mayor's Office

Item: Ordinance (a) approving the form of and authorizing the execution and delivery by the City and County of San Francisco of: (1) an amended and restated equipment lease; and, (2) an equipment lease Supplement No. 7 each between the City and County of San Francisco Finance Corporation, as lessor, and the City and County of San Francisco, as lessee, with respect to equipment to be used for City purposes and providing for the related Certificate of Approval and of a continuing Disclosure Certificate; (b) approving the issuance of lease revenue bonds by said nonprofit corporation in an amount not to exceed \$11,500,000; (c) providing for reimbursement to the City of certain City expenditures incurred prior to the issuance of lease revenue bonds; (d) providing for the execution of documents in connection therewith and (e) ratifying actions previously taken.

Amount: Not to exceed \$11,500,000

Description: In June of 1990, San Francisco voters approved Proposition C, a Charter amendment which authorized the Board of Supervisors to authorize and approve the lease-financing of equipment purchases for the City through a nonprofit corporation, the San Francisco Finance Corporation. The equipment leased by the City is purchased by the San Francisco Finance Corporation with the proceeds of lease revenue bonds.

According to Ms. Laura Opsahl of the Mayor's Office of Public Finance, the City has issued lease revenue bonds for the procurement of equipment on an annual basis since FY 1990-91 with the exception of FY 1996-97 when such issuance was delayed until the following fiscal year. Ms. Opsahl reports that in FY 1997-98, the City issued lease revenue bonds for both FY 1996-97 and FY 1997-98. The Mayor's Office is now requesting authorization to issue up to \$11,500,000 in lease revenue bonds to purchase equipment included in the FY 1998-99 budget.

Interest rates on lease revenue bonds issued by nonprofit corporations are generally lower than the interest on other financing instruments, because of the tax-exempt status of investments in non-profit corporations.

Proposition C requires that the San Francisco Finance Corporation may not issue lease revenue bonds for equipment purchase unless the Controller certifies that the interest costs to the City will be lower through the San Francisco Finance Corporation than through the other financing instruments.

According to the Controller, the other major financing instrument is third party vendors that act as a bank and provide equipment to the City, and the City in turn makes payments to such vendors. These third party vendors include AT&T Credit Corporation and GE Capital.

Under the proposed ordinance, the Controller is required to certify that the interest rates are lower through the San Francisco Finance Corporation prior to the sale of the proposed lease revenue bonds.

In accordance with Proposition C, the total outstanding indebtedness of the San Francisco Finance Corporation may not exceed a principal amount of \$20 million at any given time beginning in FY 1990-91, with the limit increasing by five percent in each subsequent fiscal year. The maximum amount of authorized outstanding indebtedness in FY 1998-99 is \$29,549,109.

The Board of Supervisors previously authorized the issuance by the San Francisco Finance Corporation of up to \$62,069,707 in lease revenue bonds (of which \$56,480,000 was actually issued) to finance the purchase of equipment, as follows:

Memo to Finance Committee
September 16, 1998 Finance Committee Meeting

<u>Fiscal Year</u>	<u>Authorized Lease Revenue Bonds</u>
1990-91	\$7,304,707
1991-92	Up to 10,000,000
1992-93	Up to 10,200,000
1993-94	Up to 7,000,000
1994-95	Up to 6,500,000
1995-96	Up to 7,065,000
1996-97	0
1997-98	<u>Up to 14,000,000</u>
TOTAL	Up to \$62,069,707

As noted above, the San Francisco Finance Corporation was authorized to issue up to \$62,069,707 since FY 1990-91, in lease revenue bonds to procure equipment on behalf of the City. According to the Mayor's Office of Public Finance, the actual amount of lease revenue bonds issued by the San Francisco Finance Corporation, the amounts which have been repaid, and the outstanding indebtedness as of October 1, 1998, will be as follows:

Memo to Finance Committee
September 16, 1998 Finance Committee Meeting

Series 1991A Bonds		
Lease Purchase Revenue Bonds Issued	\$7,020,000	
Repayment to date	<u>7,020,000</u>	
Outstanding Indebtedness: Series 1991A:		\$0.00
Series 1992A Bonds		
Lease Purchase Revenue Bonds Issued	\$5,555,000	
Repayment to date	<u>4,945,000</u>	
Outstanding Indebtedness: Series 1992A:		610,000
Series 1993A Bonds		
Lease Purchase Revenue Bonds Issued	\$10,200,000	
Repayment to date	<u>9,670,000</u>	
Outstanding Indebtedness: Series 1993A:		530,000
Series 1994A Bonds		
Lease Purchase Revenue Bonds Issued	\$6,850,000	
Repayment to date	<u>5,870,000</u>	
Outstanding Indebtedness: Series 1994A:		980,000
Series 1995A Bonds		
Lease Purchase Revenue Bonds Issued	\$6,075,000	
Repayment to date	<u>5,540,000</u>	
Outstanding Indebtedness: Series 1995A:		535,000
Series 1996A Bonds		
Lease Purchase Revenue Bonds Issued	\$7,065,000	
Repayment to date	<u>5,075,000</u>	
Outstanding Indebtedness: Series 1996A:		1,990,000
Series 1997A Bonds		
Lease Purchase Revenue Bonds Issued	\$13,715,000	
Payment to date	<u>1,655,000</u>	
Outstanding Indebtedness: Series 1997A:		<u>12,060,000</u>
Total Current Outstanding Indebtedness		\$16,705,000
Total Allowable Indebtedness		\$29,549,109
Total Allowable Indebtedness Still Available		\$12,844,109

The current, unused balance of lease financing available in FY 1998-99 in accordance with the provisions of Proposition C is \$12,844,109 (Proposition C established a limit of \$29,549,109 in available indebtedness for FY 1998-99 less the current outstanding balance of \$16,705,000). The proposed ordinance would authorize the issuance of new lease revenue bonds in FY 1998-99 in an amount not to exceed \$11,500,000, which is within the San Francisco Finance Corporation's current unused debt capacity under Proposition C of \$12,844,109. Ms. Opsahl

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BUDGET ANALYST

estimates that the bonds will be sold on a competitive basis on October 1, 1998.

The proposed ordinance would also authorize an Equipment Lease Supplement No. 7 between the City and the San Francisco Finance Corporation for the City's lease purchase of additional equipment purchased with proceeds of the new lease revenue bonds.

According to Ms. Opsahl, the bond trustee for the San Francisco Finance Corporation will act as a bank for equipment purchases. Ms. Opsahl explains that various City departments have budgeted the annual lease payment within their FY 1998-99 departmental budgets. Ms. Opsahl reports that the amount of the annual lease payments for the proposed lease revenue bonds in FY 1998-99 is approximately \$442,511, and a total of \$12,234,023, including FY 1998-99 lease payments, for the equipment would be paid over the seven year term of the leases. All of the approximately \$12,234,023 would be funded from previously budgeted General Fund lease payment appropriations approved by the Board of Supervisors. Ms. Opsahl reports that pending authorization of the proposed ordinance, the San Francisco Finance Corporation will sell bonds to prospective investors and will subsequently purchase the equipment on behalf of the City using the proceeds from the lease revenue bond funds. City departments will then make annual lease payments to the San Francisco Finance Corporation, which in turn will use these funds to repay the lease revenue bond interest and redemption.

In addition, the proposed ordinance provides for (a) reimbursement to the City of certain expenditures prior to the issuance of the proposed additional lease revenue bonds, (b) the execution of documents needed to implement the proposed ordinance, and (c) the ratification of actions previously taken.

The annual budgets of City departments must include the amount of the City's annual lease-purchase payments (including principal and interest) for equipment procured through the San Francisco Finance Corporation. Since these payments are required under the terms of the lease-

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BUDGET ANALYST

purchase agreement with the San Francisco Finance Corporation, the annual payments become fixed costs of City departments for the term of the lease revenue bond repayment period, once the equipment has been procured and acquired by the San Francisco Finance Corporation. As noted above, City departments will make lease payments to the San Francisco Financing Corporation, which in turn will use such funds to repay the bond funds.

Comments:

1. The attachment to this report shows the equipment lease purchase items, with a total cost of \$11,002,758 included in the FY 1998-99 City budget that would be funded by the proposed lease revenue bonds. The estimated budget of the proposed, (not to exceed) \$11,500,000 in lease revenue bonds is as follows:

Equipment Costs	\$9,343,776
Required Reserve Fund ¹	1,097,000
Bond Issuance Costs	191,910
Capitalized Interest ²	337,314
Accrued Interest	<u>32,758</u>
Total	\$11,002,758

2. The actual interest costs to the City of the proposed equipment lease-purchases cannot be determined precisely, because the interest rate will depend on prevailing financial market interest rates when the bonds are actually sold. Interest costs will also vary for each equipment item purchased based on the number of years in the repayment period for the item, which cannot exceed the useful life of the equipment.

3. Ms. Opsahl estimates that, if Series 1998A lease revenue bonds are sold in a principal amount of approximately \$10,970,000 at an estimated annual

¹ Lease Revenue bonds have a legally required Reserve Fund equal, in this case, to 10 percent of the principal amount of the bonds.

² Pursuant to State law, the City cannot make any interest payments on lease revenue bonds until the City has received the equipment. However, interest on the lease revenue bonds begins accruing when the bonds are sold regardless of when the equipment is eventually purchased and received by the City. Therefore, capitalized interest, estimated in the amount of \$337,314, must be paid from proceeds of the bonds until such a time as the equipment is actually received by the City and interest payments can be made from funds appropriated in the City budget.

interest rate of 4.3 percent (based on current financial market interest rates) and based on the expected repayment period of seven years, the City's total principal and interest cost would be approximately \$12,234,023 over the life of the bonds. Based on these estimates, the City's total costs over the life of the bonds would be \$10,970,000 in principal and \$1,264,023 in interest costs.

4. The proposed ordinance would provide for a Continuing Disclosure Agreement. According to Ms. Opsahl, Federal law requires that all cities and counties, which issue tax-exempt debt, file an Annual Report with a national repository for the benefit of the investors. The Annual Report would contain the following: (1) the financial statements of the San Francisco Financing Corporation and the City; (2) the status of the project (e.g. equipment purchase and repayment amounts); (3) a summary of budgeted General Fund revenues and appropriations; (4) a summary of assessed valuation of taxable property and (5) a summary of outstanding and authorized but unissued tax supported debt.

5. The use of lease financing is equivalent to borrowing funds, with resultant interest costs, to purchase equipment. Since such financing requires fixed, mandatory lease payments by City departments over several years, the use of lease-purchases "locks-in" departmental expenditures for future years resulting in a reduction in the amount of discretionary monies in the City's budget in future years. However, the Mayor's Office recommends the use of lease-financing with Proposition C bonds for the City's major equipment purchases in order to spread the cost over several years, corresponding to the City's beneficial use of the equipment.

6. According to John Madden, Assistant Controller, the Controller has certified that the interest costs to the City would be lower through the San Francisco Financing Corporation than through other financing instruments.

Recommendation: Approve the proposed ordinance.

<u>Department</u>	<u>Item</u>	<u>Units</u>	<u>Unit Cost</u>	<u>Purchase Cost</u>	<u>Useful Life</u>	<u>Est. Delivery</u>
Animal Care City Attorney Fire	Animal Control Van	1	35,000	35,000	3	1/15/99
	Computer LAN Equipment	1	596,289	596,289	3	10/15/98
	Networked computer equipment	1	319,800	319,800	3	4/1/99
	EMS Ambulance	2	125,000	250,000	3	8/1/99
	Fire Training Vans	2	23,000	46,000	3	1/1/99
Juvenile Probation	Pumper Trucks	4	255,439	1,021,756	5	8/1/99
	Aerial Trucks	2	447,900	895,800	5	8/1/99
	Compact Cars	2	16,500	33,000	3	1/15/99
	Passenger Van	2	26,000	52,000	3	1/15/99
	Computer LAN Equipment	1	51,987	51,987	3	12/30/98
Library Medical Examiner	Networked PCs	1	186,796	186,796	3	12/30/98
	Delivery Truck	1	33,418	33,418	3	2/20/99
	High Pressure Liquid Chromatograph	1	57,608	57,608	3	11/16/98
	Chemical Analyzer	1	25,716	25,716	3	11/16/98
	Marked Crown Victoria Sedan	43	32,218	1,385,374	3	8/1/99
Police	Unmarked Crown Victoria Sedan	60	26,311	1,578,675	3	8/1/99
	Police Radios	50	2,240	112,000	3	4/30/99
	Crime Lab Equipment	1	645,121	645,121	3	4/1/99
	Property Room Shelf System	1	100,000	100,000	3	8/30/99
	Digital recorder for 911 System	1	25,000	25,000	3	7/30/99
Public Works	Pick-Up Truck w/ Box Back	1	29,000	29,000	3	4/1/99
	Aerial Tree Trimmer Truck	1	110,000	110,000	5	8/1/99
	1/2 Ton Club Cab Pick-Up Truck	3	20,000	60,000	3	3/1/99
	1 Ton Cargo Van	2	22,500	45,000	3	3/1/99

<u>Department</u>	<u>Item</u>	<u>Units</u>	<u>Unit Cost</u>	<u>Purchase Cost</u>	<u>Useful Life</u>	<u>Est. Delivery</u>
Public Works Parking & Traffic	1 Ton Crew Cab Pick-Up w/ Dump	3	30,000	90,000	3	3/1/99
	1/2 Ton Utility Truck	1	100,000	100,000	5	3/1/99
	1 Ton Utility Truck	2	40,000	80,000	3	12/1/98
	1/2 Ton Chevy C10 Pick-Up Truck	1	30,000	30,000	3	12/1/98
Public Defender Purchasing	Passenger Van	2	26,750	53,500	3	12/1/98
	Computer Lan Equipment	1	188,254	188,254	3	1/1/99
	Compact Car	11	16,500	181,500	3	4/1/99
	Midsize Car	2	20,000	40,000	3	4/1/99
Recreation & Parks	1/4 Ton Pick-Up Truck	4	16,000	64,000	3	4/1/199
	3/4 Ton Pick-Up Truck	1	22,000	22,000	3	4/1/99
	1 Ton Specialized Vans	2	35,000	70,000	3	5/1/99
	Rubber Tire Loading Truck	1	55,000	55,000	3	2/15/99
	Boom Lift & Truck	1	80,000	80,000	3	2/15/99
	Carrier Bed Truck	1	38,000	38,000	3	2/15/99
	3/4 Ton Pick-Up Truck	3	22,000	66,000	3	2/15/99
	Passenger Mini-Van	1	22,000	22,000	3	2/15/99
	1/4 Ton Crew Cab Pick-Up	1	20,000	20,000	3	2/15/99
	Dust Collection Tank	1	23,000	23,000	3	2/15/99
Sheriff	Heavy Payload Pick-Up Truck	1	20,000	20,000	3	2/15/99
	Triplex 85" Mower	1	25,000	25,000	3	2/15/99
	Five Yard Top Dresser Equipment	1	25,000	25,000	3	2/15/99
	Compaq Prodiant Server	6	7,487	44,919	3	2/15/99
	Cisco 1604 Router	6	2,333	13,997	3	2/15/99
	HP 233 MHz PII Vectra PCs	18	2,577	46,384	3	2/15/99
	HP Laserjet 5 Printer	1	750	750	3	2/15/99
	Passenger Van	1	28,000	28,000	3	4/1/99
	Network Computer Equipment	1	68,132	68,132	3	3/1/99

Attachment D

<u>Department</u>	<u>Item</u>	<u>Units</u>	<u>Unit Cost</u>	<u>Purchase Cost</u>	<u>Useful Life</u>	<u>Est. Delivery</u>
Telecommunications & Info Services	1 Ton Crew Cab Pick-Up w/ Dump	1	30,000	30,000	3	5/1/99
	Utility Line Van	1	50,000	50,000	3	6/1/99
	Repair & Maintenance Van	1	35,000	35,000	3	5/1/99
	3/4 Ton Pick-Up Truck	1	22,000	22,000	3	4/1/99
	1/4 Ton Pick-Up Truck	1	16,000	16,000	3	4/1/99
	<i>Subtotal</i>		4,329,625	9,343,775		
	<i>TOTAL</i>	265	4,329,625	9,343,775		

Item 4 - File 98-1366

Department: Controller

Item: Resolution establishing the City and County's appropriations limit for FY 1998-99 pursuant to Article XIII B of the California Constitution.

Description: The proposed resolution would establish \$1,393,845,379 as the 1998-99 adjusted appropriation limit or Gann spending limit for the City and County of San Francisco as required by Article XIII B of the California Constitution.

On November 6, 1979, California voters approved Proposition 4, known as the Gann Initiative, which added Article XIII B to the California Constitution. Article XIII B limits the growth of appropriations from the proceeds of taxes of the State of California and local governments to the percentage of change in population and the lesser of the percentage change in the cost of living or in per capita personal income. The State Government Code requires that each local government establish its appropriation limit (Gann Limit) by resolution each year.

The Controller has computed the 1998-99 Gann Limit for the City and County of San Francisco as follows (percentages and computed amount have been rounded by the Controller):

1997-98 Gross Gann Limit	\$1,311,807,188
Adjusted by:	
Increase in Cost of Living	4.15%
Increase in Population	2.02%
1998-99 Net Gann Limit	\$1,393,845,379*

*1.0415 times 1.0202 equals 1.0625383 times \$1,311.807,188.

The Controller's Office monitors revenues affected by the Gann Limit throughout the year. At year-end, a final computation is prepared comparing actual proceeds of taxes to the Gann Limit. At that time, two tests must be met. First, all actual proceeds of taxes must be below the Gann Limit; and second, all actual proceeds of taxes collected

must be appropriated. If either test is not met, according to Article XIII B, excess revenues collected must be returned to the taxpayers within two years.

The amount appropriated in the City's FY 1998-99 budget that is subject to the Gann Limit is \$1,178,512,835 which is \$215,332,544 less than the net 1998-99 Net Gann Limit of \$1,393,845,379. In accordance with the Annual Appropriation Ordinance, any 1998-99 tax proceeds in excess of current estimates will be appropriated to the City's General Fund General Reserve, which is used as a revenue source (a) to fund supplemental appropriations during the current fiscal year and (b) to fund the City's budget for the next fiscal.

Comments:

1. The Gann Limit was first applied in 1980-81 using the actual 1978-79 appropriations that would have been subject to the limit, had it existed then, as the base year (as called for by Article XIII B of the California Constitution). The 1978-79 base was adjusted for changes in per capita personal income, cost of living and population to obtain the 1980-81 limit. In each successive year, the prior year's limit was used as the base for computation of the new limit.

2. State Proposition 111, approved by the voters in June 1990, made several changes to the Article XIII B (3) which are reflected in the City's computations including an adjustment to exclude appropriations for "Qualified capital outlay as defined by the legislature" from proceeds of taxes. This results in a reduction of \$29,681,989 for FY 1998-99, from appropriations of proceeds of taxes subject to the limit.

3. Based on the City Attorney's memorandum of opinion of June 14, 1988, the City is excluding Court and Federal mandates from appropriations subject to the appropriations limit. The City Attorney's Office has previously advised that the exclusion of Court and Federal mandates is consistent with the meaning of Article XIII B. No previous legal challenges have been filed questioning this interpretation. The two mandates for FY 1998-99 totaling \$40,592.653, that are identified by

a survey of all City departments and verified by the
Controller's Office, are as follows:

Police Consent Decree	\$ 36,344,389
Federal Resource Conservation Act (Toxics)	<u>4,248,264</u>

Total Court and Federal Mandates	\$ 40,592,653
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Recommendation: Approve the proposed resolution.

Items 5, 6 and 7 - Files 98-1404, 98-1405 and 98-1406

The proposed ordinances would establish the Fiscal Year 1998-99 Property Tax rates for the City and County of San Francisco including the Bay Area Air Quality Management District and the Bay Area Rapid Transit District (File 98-1404), for the San Francisco Unified School District (File 98-1405) and for the San Francisco Community College District (File 98-1406s). The Property Tax rate proposed for the City and County of San Francisco is \$1.00 per \$100 of assessed valuation which is the maximum allowable rate. The total Property Tax rate of \$1.165 per \$100 of assessed valuation for Fiscal Year 1998-99 for all of the jurisdictions named above, as calculated by the Controller, includes bond interest and redemption charges. The proposed Fiscal Year 1998-99 Property Tax rate of \$1.165 is a decrease of \$0.025 from the Fiscal Year 1997-98 Tax rate of \$1.190. The Controller's Office reports that the decrease in the Property Tax rate for Fiscal Year 1998-99 reflects lower debt service requirements for the City's General Obligation Bonds, as well as San Francisco Unified School District and Bay Area Rapid Transit District bonded indebtedness.

The Fiscal Year 1997-98 approved Property Tax rates and the Fiscal Year 1998-99 proposed Property Tax rates are as follows:

<u>General Tax Rates</u>	<u>Approved Fiscal Year 1997-98 Rates</u>	<u>Proposed Fiscal Year 1998-99 Rates</u>	<u>Increase (Decrease)</u>
<u>City and County of San Francisco:</u>			
General Fund	0.57739620	0.57739620	-
Children's Fund	0.02500000	0.02500000	-
Open Space Acquisition Fund	0.02500000	0.02500000	-
County Superint. of Schools	0.00097335	0.00097335	-
Library Preservation Fund	0.02500000	0.02500000	-
S.F. Unified School District	0.28485725	0.28485725	-
S.F. Community College District	0.05336253	0.05336253	-
Bay Area Air Quality Management District	0.00208539	0.00208539	-
Bay Area Rapid Transit District	<u>0.00632528</u>	<u>0.00632528</u>	<u>-</u>
Subtotal, General Fund Tax Rate	\$1.00	\$1.00	\$0.00
<u>Rates for Bonded Indebtedness</u>			
City and County of San Francisco	\$ 0.16380174	\$ 0.14493925	\$(0.01886249)
S. F. Unified School District	0.00369826	0.00338075	(0.00031751)
Bay Area Rapid Transit District	<u>0.02250000</u>	<u>0.01668000</u>	<u>(0.00582000)</u>
Subtotal, Bonded Indebtedness	\$ 0.190	\$ 0.165	\$(0.025)
Total Combined Tax Rate	\$ 1.190	\$ 1.165	\$(0.025)

BOARD OF SUPERVISORS
BUDGET ANALYST

As compared with the current Fiscal Year 1997-98 Property Tax rate of \$1.190, the Fiscal Year 1998-99 proposed \$1.165 Property Tax rate will have the following effect on a tax bill for a single family residence assessed at \$400,000:

Fiscal Year	
<u>1997-98</u>	
Assessed Value	\$400,000
Less Homeowners Exemption	<u>7,000</u>
Total	\$393,000 divided by \$100 x \$1.190 = \$4,676.70

Fiscal Year	
<u>1998-99</u>	
Assessed Value (1997-98)	\$400,000
Add 2% Cost of Living Increase	<u>8,000</u>
Subtotal	\$408,000
Less Homeowners Exemption	<u>7,000</u>
Total	\$401,000 divided by \$100 x \$1.165 = <u>\$4,671.65</u>

Net Decrease in Property Tax Bill for Fiscal Year 1998-99 (\$5.05)

As shown above, homeowners of a single family residence, assessed at \$400,000, would experience a cost of living increase of 2 percent, as allowed under Proposition 13 for Fiscal Year 1998-99. In the example reflected above, the cost of living increase, combined with the decreased rate for bonded indebtedness, results in a Property Tax decrease of \$5.05 for Fiscal Year 1998-99 as compared to Fiscal Year 1997-98.

Recommendation

Approve the proposed ordinances.

Item 8 - File 98-1407

The proposed ordinance would amend the previously approved Fiscal Year 1998-99 Annual Appropriation Ordinance (AAO) as a prerequisite to the levy of the Property Tax rate. The proposed ordinance would make the following expenditure adjustment to the Fiscal Year 1998-99 AAO:


- Increase previously appropriated funds in the amount of \$38,338 to the Art Commission for the Municipal Symphony Orchestra (one-eighth of one cent per \$100 of assessed valuation) as required by Charter Section 16.106(1).

Comment

The Fiscal Year 1998-99 budget included \$770,000 for the Art Commission expenditures for the Municipal Symphony Orchestra. The proposed ordinance would increase this appropriation by \$38,338 to \$808,338 for Fiscal Year 1998-99. The proposed adjustment would have a net effect of decreasing the General Fund Reserve by \$38,338 from \$25,000,000 to \$24,961,662.

Recommendation

Approve the proposed ordinance.


for Harvey M. Rose

cc: Supervisor Teng	Supervisor Yee
President Kaufman	Stephen Kawa
Supervisor Newsom	Clerk of the Board
Supervisor Ammiano	Controller
Supervisor Bierman	Gail Feldman
Supervisor Brown	Matthew Hymel
Supervisor Katz	Ted Lakey
Supervisor Leno	
Supervisor Medina	
Supervisor Yaki	

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23/98
MINUTES

FINANCE COMMITTEE
BOARD OF SUPERVISORS
CITY AND COUNTY OF SAN FRANCISCO
~~REGULAR~~ MEETING
SPECIAL

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WEDNESDAY, SEPTEMBER 23, 1998 - 1:00 P.M.

VETERANS BUILDING
401 VAN NESS AVENUE
ROOM 410

MEMBERS: SUPERVISORS MABEL TENG, BARBARA KAUFMAN, GAVIN NEWSOM

ABSENT: Supervisor Kaufman

CLERK: JONI BLANCHARD

Meeting Commenced: 1:05 p.m.

SPECIAL MEETING

1. File 98-1479. [Reserved Funds, DTIS] Hearing to consider release of reserved funds, Department of Telecommunications and Information Services, (fiscal year 1998-1999 budget), in the amount of \$1,000,000, to begin the implementation of the IBM/Tivoli Project, which will provide software and licensing for six departments to manage and maintain computer networks spread across multiple sites throughout the City. (Department of Telecommunications and Information Services)

SPEAKERS: Harvey Rose, Budget Analyst; Julia Friedlander, Acting Director, Dept. of Telecommunications & Information Services - support.

ACTION: Hearing held. Release of \$1,000,000 approved. Filed.

VOTE WAS 2 - 0, WITH SUPERVISOR KAUFMAN ABSENT.

Meeting Adjourned: 1:15 p.m.

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cc: a1
CITY AND COUNTY



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BOARD OF SUPERVISORS

BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642
FAX (415) 252-0461

September 18, 1998

TO: Finance Committee

FROM: Budget Analyst Recommendations for meeting of 9/23/98

SUBJECT: September 23, 1998 Special Finance Committee Meeting

Item 1 - File 98-1479

Department: Department of Telecommunications and Information Services
(DTIS)

Item: Hearing to consider the release of reserved funds in the Department of Telecommunications and Information Services FY 1998-99 budget in the amount of \$1,000,000, to begin implementation of the IBM/Tivoli Project, which will provide software and licensing for seven departments initially, and eventually all City departments, to manage and maintain computer networks spread across multiple sites throughout the City. The seven departments for which the proposed implementation will begin in FY 1998-99 are: the Airport; the Public Utilities Commission; the Municipal Railway; the Department of Public Works; the Emergency Communications Department; the Controller; and, the Department of Telecommunications and Information Services. The total first year cost of IBM/Tivoli would be \$1,275,123.36. The City's contract with IBM/Tivoli is a five-year agreement structured to provide sufficient software licensing to implement network management for all City departments. The full five year cost of the IBM/Tivoli software agreement, totals \$7,250,617.

Amount: \$1,000,000

Source of Funds: Funds reserved in the FY 1998-99 DTIS budget for the first phase of the implementation of the IBM/Tivoli Project as follows:

Work Order Funds

Interdepartmental Recoveries from the Airport,
Municipal Railway (Grant Funds), Department of
Public Works, Public Utilities Commission,
Emergency Communications Department
(Bond funds) \$691,999

DTIS (General Fund) 308,001

Total \$1,000,000

Description: During the FY 1998-99 budget review, DTIS presented a request for \$1,000,000 to fund the IBM/Tivoli Project. IBM/Tivoli has developed network management software that allows computer users with complex communication and networking requirements to manage computer systems centrally and across a variety of modes such as mainframes, Wide Area Networks and Local Area Networks.

In June, 1998, when the Finance Committee was considering the FY 1998-99 budget, DTIS stated that negotiations with IBM/Tivoli had not been completed. Since DTIS was unable to provide complete information to the Budget Analyst during the FY 1998-99 budget review process, the Budget Analyst recommended that the Finance Committee place the \$1,000,000 request for the IBM/Tivoli project on reserve. The adopted FY 1998-99 budget therefore included a reserve of the entire \$1,000,000 pending additional information from DTIS on the benefits of IBM/Tivoli to the City and an estimate of the full cost of the project, including ongoing maintenance costs.

According to Ms. Julia Friedlander, Acting Director of DTIS, IBM/Tivoli addresses a critical need for the City's information systems. Attachment I to this report provides a description of the benefits that will be achieved through implementation of IBM/Tivoli.

Specific examples of improved operations that will be realized by the implementation of IBM/Tivoli are described below:

- Avoidance of downtime by monitoring the network to detect and diagnose potential problems and fixing them before they disrupt the network.
- Reduction of downtime by speeding up the diagnosing and isolation of problems that have disrupted the network.
- Minimizing the risk to the City arising from the installation of unlicensed software on City computers.
- As Tivoli is implemented, DTIS network engineers and technicians will increasingly be able to solve network and user problems in advance, from a central location. This will reduce the number of emergency calls that require traveling to remote locations.

Ms. Deborah Vincent-James of the Committee on Information Technology (COIT) states that COIT has recommended approval of the IBM/Tivoli Project. (See Attachment II, letter from COIT)

DTIS now states that the total cost of the IBM/Tivoli Project would be \$7,250,617 and would require a five-year implementation period. This amount includes software and licensing costs, finance charges, taxes and the cost of four years of maintenance and service agreements.

According to Mr. Ed Colchado, Deputy Director for Network Engineering of DTIS, the contract between IBM/Tivoli and the City was signed by DTIS on June 24, 1998 (prior to release of the subject requested reserved funds of \$1,000,000 by the Finance Committee). IBM had guaranteed the pricing structure of the agreement as long as it was signed prior to June 30, 1998. IBM/Tivoli has delivered the software, but according to Mr. Colchado, the City has not yet formally accepted delivery, and will not until DTIS is ready to begin installation and testing of the software. If the subject reserved funds are not released by the Finance Committee or the reserved appropriation is rescinded, the agreement between the City and IBM/Tivoli will be terminated, at no cost to the City, according to Mr. Robert Maerz, Deputy City Attorney.

The agreement with IBM/Tivoli is expected to provide sufficient software licenses and maintenance services for all computer networks and desktop computers in all City departments. As

BOARD OF SUPERVISORS
BUDGET ANALYST

Memo to the Finance Committee
September 23, 1998 Special Finance Committee Meeting

with all City contracts, the agreement is subject to the annual appropriation of funds by the Board of Supervisors. If, at any time, the City does not appropriate funds to pay for the IBM/Tivoli agreement on an annual basis, the agreement would be terminated at no additional cost to the City.

The software agreement between the City and IBM/Tivoli provides for a total cost of \$7,250,000, to be paid over a five year period. These costs have been detailed by DTIS as follows:

<u>Item</u>	<u>Amount</u>
Software License Purchases	\$5,000,000
Finance Charges	550,617
Sales Taxes (8.5%)	425,000
Five-Year Maintenance Service Agreement	<u>1,275,000</u>
Total	\$7,250,617

The financing agreement between the City and IBM Finance Corporation is for \$5,875,617 (the \$5,000,000 in software licenses, plus finance charges of \$550,617 plus Sales Tax of \$425,000 less a \$100,000 down payment previously paid from FY 1997-98, unexpended DTIS funds. The financing agreement is structured over five years at an interest rate of 4.47 percent. Over the five-year period, annual payments in the amount of \$1,175,123.36 are scheduled on October first of each year, beginning in 1998.

The \$1,275,000 for the Five Year Maintenance Service Agreement costs would be paid from future DTIS annual budgets, with costs allocated to user departments, in the following amounts:

<u>Fiscal Year</u>	<u>Amount Due</u>
1998-99	\$ 0
1999-2000	100,000
2000-01	250,000
2001-02	400,000
2002-03	<u>525,000</u>
Total	\$1,275,000

BOARD OF SUPERVISORS
BUDGET ANALYST

As noted above, the funds that have been appropriated and reserved for the IBM/Tivoli project amount to \$1,000,000 or \$175,123.36 less than the amount of the first annual payment of \$1,175,123.36. Ms. Friedlander has stated that the Department does not intend to request a FY 1998-99 supplemental appropriation for the balance of \$175,123.36. DTIS and COIT expect to identify funding for this balance from existing appropriations according to Ms. Friedlander.

The DTIS would be responsible for administering and monitoring the IBM/Tivoli Project. The DTIS envisions a five-year implementation process, subject to the appropriation of funds in future annual budgets of the City. At the end of the five-year implementation period, DTIS anticipates that all major departments within the City would have the network management capabilities required to operate those networks with maximum efficiency.

In addition to the \$7,250,617 cost for the IBM/Tivoli Software Agreement discussed in this report, additional costs could result from special requests by City Departments for such items as additional professional and technical services or training beyond that provided by DTIS personnel. Such costs, if any, cannot be identified at this time according to Mr. Colchado. (See Comment 4, below).

Comments: 1. IBM/Tivoli was selected as the City's choice for network management software under the same Request for Proposal competitive process, which secured the vendors for the new E911 Emergency Communications System. According to Ms. Vincent-James and Mr. Colchado, TRW, the vendor which was awarded the E911 contract, included IBM/Tivoli in its proposal as the network management software vendor. Due to the interest of other City departments in acquiring network management software, the members of COIT believed that all City departments could benefit from the technology offered by IBM/Tivoli and that implementing the system Citywide would allow the City to negotiate a better price on the software and licenses. Additionally, COIT believed that the City would benefit from a Citywide implementation of IBM/Tivoli, or some other network management tool. According to Mr. Colchado, DTIS estimates that if IBM/Tivoli software licenses were purchased at the "list price" for each of the City's estimated 200 to 300 network servers and estimated 12,000 desktop personal computers, the total cost would for software licensing alone would be approximately \$8.8

BOARD OF SUPERVISORS
BUDGET ANALYST

million, or \$3.8 million more than the \$5,000,000 cost of such software licenses specified in the agreement with IBM/Tivoli.

2. Mr. Colchado states that the initial investment of \$1,175,123.36 to implement the first phase of the IBM/Tivoli Project does not require the City to continue the planned implementation and incur the estimated cost of implementing the IBM/Tivoli System Citywide. An amendment to the contract, obtained by DTIS at the suggestion of the President of the Board of Supervisors, a member of the COIT, states that the City has one year to determine if IBM/Tivoli meets the operating capabilities in conformance with specific software documentation. If the City accepts IBM/Tivoli on or before the one-year period, then the remainder of the contract would be enforced, subject to the appropriation of funds in the City's annual budget. If the IBM/Tivoli software is returned to IBM because it does not operate in conformance with its specific software documentation (and IBM is unable to fix operating deficiencies) the City would be reimbursed for its initial investment.

3. Mr. Colchado states that there are no additional hardware requirements associated with implementing IBM/Tivoli for the departments that will participate in the first year of the project. In future years, City Department's that decide to implement IBM/Tivoli will be expected to contribute work order funding to the DTIS to assist in paying for the annual cost of \$1,175,123.36 for the software licensing and for annual maintenance costs, which as previously noted would total \$1,275,000 over the five year period of the agreement.

4. As of the writing of this report, the DTIS is unable to specify the future budget impact on individual General Fund and General Fund supported departments, but only that total annual payments for IBM/Tivoli will amount to \$1,175,123.36 plus \$1,275,000 for total maintenance costs over the five year term of the agreement. Such costs will be allocated to City department budgets, along with any additional costs for items requested by City Departments, such as additional professional and technical assistance and training. According to Ms. Friedlander and Mr. Harrington, Chair of COIT, the allocation of such costs to City Departments that will benefit from the implementation of IBM/Tivoli in future years is a policy issue that will be addressed by COIT during the current Fiscal Year.

5. Mr. Harrington states that, although full implementation of IBM/Tivoli will begin in the first year for the Departments that are participating in the FY 1998-99 funding of the project (i.e., the

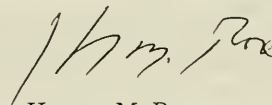
BOARD OF SUPERVISORS
BUDGET ANALYST

Airport; the Public Utilities Commission; the Municipal Railway; the Department of Public Works; the Emergency Communications Department; and DTIS) all City Departments and the Controller's Office will benefit in the first year because of the extension of IBM/Tivoli network management capabilities to the City's mainframe-based financial management system.

6. The Mayor's Budget also included a reserve for the subject requested release of \$1,000,000, subject to release of the funds at the discretion of the Mayor's Office. Mr. Matthew Hymel, Mayor's Director of Finance, informs the Budget Analyst that the Mayor's Office will release the reserved funds if approval is granted by the Finance Committee for this requested release of \$1,000,000.

7. Although, according to Ms. Friedlander, the proposed IBM/Tivoli project addresses a critical need of all of the City's computing systems, and will benefit the City's Financial Systems, and therefore all City Departments, the question of how future costs will be funded and allocated to City Departments remains unresolved. As stated above, this policy issue is to be addressed by the COIT, according to Mr. Harrington. Consequently, the Budget Analyst believes that approval of this request is a policy matter for the Board of Supervisors.

Recommendation: Approval of the proposed release of reserved funds is a policy matter for the Board of Supervisors.



Harvey M. Rose

cc:	Supervisor Teng	Supervisor Yaki
	President Kaufman	Supervisor Yee
	Supervisor Newsom	Clerk of the Board
	Supervisor Ammiano	Controller
	Supervisor Bierman	Gail Feldman
	Supervisor Brown	Matthew Hymel
	Supervisor Katz	Stephen Kawa
	Supervisor Leno	Ted Lakey
	Supervisor Medina	

BOARD OF SUPERVISORS
BUDGET ANALYST

DTIS Description of IBM/Tivoli Benefits

In the past, the CCSF information architecture was based on a Mainframe (located at the Data Center) with "dumb" terminals connected to it. This capability served the City and County well for many years when computing power was expensive and sharing this computing power made economic sense. As advances in technology made computing power cheaper, various departments began to deploy distributed computing architectures - Local Area Networks (LAN) that were based on a Client/Server environment to improve their operations and productivity through the use of office productivity tools such as Word and Excel. The introduction of E-Mail for internal communications and the need to access the Mainframe for the Financial Support systems resulted in the deployment of a Wide Area Network (WAN) so that the various departments could be connected and share information. Currently, the City has become more reliant on this technology to improve efficiency, perform many of the functions of government, and communicate internally and with the public. There is a growing demand and reliance for this technology in the day-to-day conduct of government business. The deployment of this type of technology in the E911 project demands that the City develop a means of managing these increasingly complex networks. Periodically, these networks have problems and fail. The result of these failures in the best case is loss of productivity due to staff being unable to complete tasks assigned to them. In the worse case, the loss of functionality of a complex network such as E911 could result in the loss of life. Unfortunately, the City has no tool to manage the growing number and increasingly complex networks.

The advantages and benefits of the IBM/Tivoli project are as follows:

- a) Tivoli enables the City to begin to manage the diverse networks that exist in the City.
- b) As all these networks are connected, problems in one network have the potential of disrupting operations in other networks. Tivoli enables the City staff to diagnose and cure system problems, in some cases, before users would know that there is a problem.
- c) It enables the City to insure that all software installed in the city is maintained to a single standard and that all employees would be using the same versions of software. This improves the flow of information by eliminating the need to request that documents be reformatted to meet the specific version software of individual users.
- d) Tivoli enables the City to rapidly and efficiently deploy software with minimal disruption to existing users. All of these operations can be accomplished from one or more central location.

Some specific examples of improved operations that will be realized by the implementation of IBM/Tivoli are described below:

- a) Avoidance of downtime by monitoring the network to detect and diagnosing potential problems and fixing them before they disrupt the network.
- b) Reduction of downtime by speeding up the diagnosing and isolation of problems that have disrupted the network.
- c) Minimizing the risk to the City arising from the installation of unlicensed software on City computers.
- d) As Tivoli is implemented, DTIS network engineers and technicians will increasingly be able to solve network and user problems in advance, from a central location. This will reduce the number of emergency calls that require traveling to remote locations.



CITY AND COUNTY OF SAN FRANCISCO
Department of Telecommunications & Information Services
Committee on Information Technology

June 19, 1998

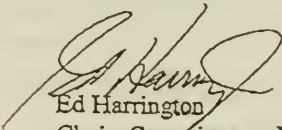
Mr. Edmundo Colchado
Deputy Director for Network Engineering
Department of Telecommunications & Information Services
875 Stevenson Street, 5th Floor
San Francisco, CA 94103

Dear Ed:

The purpose of this letter is to confirm a Sole Source approval for a Tivoli Enterprise License by the Committee on Information Technology (COIT). The Tivoli Enterprise License will be deployed as a network management utility for agencies of the City.

Thank you for your cooperation during our first year of COIT. We look forward to working with you in the future.

With best regards,



Ed Harrington

Chair, Committee on Information Technology

cc: Jessica Josephson, Director, DTIS
Robert Maerz, Deputy City Attorney
Deborah Vincent-James, COIT
Gary Staley, IBM
Steve Goodison, Tivoli

875 Stevenson Street, 5th Floor, San Francisco, CA 94103
Phone (415) 554-4138 Fax (415) 554-4047

M I N U T E S

FINANCE COMMITTEE
BOARD OF SUPERVISORS
CITY AND COUNTY OF SAN FRANCISCO
REGULAR MEETING

WEDNESDAY, SEPTEMBER 23, 1998 - 1:00 P.M.

VETERANS BUILDING
401 VAN NESS AVENUE
ROOM 410

MEMBERS: SUPERVISORS MABEL TENG, BARBARA KAUFMAN, GAVIN NEWSOM

ABSENT: Supervisor Kaufman

CLERK: JONI BLANCHARD

Meeting Commenced: 1:15 p.m.

CONSENT CALENDAR

1. All items listed hereunder constitute a Consent Calendar, are considered to be routine by the Committee and will be acted upon by a single, roll-call vote of the Committee. There will be no separate discussion of these items unless a member of the Committee or the public so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

- a. File 98-1461. [Prop J Contract, Janitorial Services] Resolution concurring with the Controller's certification that janitorial services can be practically performed at the Permit Center at 1660 Mission Street and at 25 Van Ness by private contractor for lower cost than similar work services performed by City and County employees. (Real Estate Department)

SPEAKERS: None.

ACTION: Recommended.

- b. File 98-1462. [Prop J Contract, Security Services] Resolution concurring with the Controller's certification that security services can be practically performed at the Permit Center at 1660 Mission Street and at 25 Van Ness by private contractor for lower cost than similar work services performed by City and County employees. (Real Estate Department)

SPEAKERS: None.

ACTION: Recommended.

- c. File 98-1476. [Prop J Contract, Paratransit Services] Resolution concurring with the Controller's certification that paratransit services for the Public Transportation Commission can be practically performed by a private contractor at a lower cost than by City and County employees. (Public Transportation Commission)

SPEAKERS: None.

ACTION: Recommended.

- d. File 98-1481. [Reserved Funds, PUC] Hearing to consider release of reserved funds, Public Utilities Commission (1988 Sewer Revenue Bond Proceeds, Ordinance No. 332-96), in the amount of \$1,000,000 for construction of the Pier 98 Wetlands Enhancement Project. (Public Utilities Commission)

SPEAKERS: None.

ACTION: Release of \$4,471,460 approved. Filed.

- e. File 98-1539. [Reserved Funds, DPT] Hearing to consider release of reserved funds, Dept. of Parking and Traffic (FY 1998-1999 budget) in the amount of \$4,471,460 to execute an agreement with PRWT Services Inc. for an Automated Parking Citation Processing and Collection System, including hand held ticket writing devices. (Dept. of Parking and Traffic)

SPEAKERS: None.

ACTION: Release of \$4,471,460 approved. Filed.

REGULAR CALENDAR

2. File 98-1541. [Tax Rate Pass Through] Resolution establishing tax rate pass through amount for residential tenants pursuant to Chapter 37 of the San Francisco Administrative Code (Residential Rent Stabilization). (Controller)
(Consideration continued from 9/16/98)

SPEAKERS: Harvey Rose, Budget Analyst; Ed Harrington, Controller; Marvis Phillips - opposed; Garrett Jenkins - opposed; Gary Near - opposed.

ACTION: Hearing held. Recommended.

3. File 98-1176. [Settlement of Grievance, Fariba Mahmoudi] Ordinance authorizing settlement of the pay grievance of Fariba Mahmoudi filed pursuant to the Memorandum of Understanding between the International Federation of Professional and Technical Engineers, Local 21, AFL-CIO, and the City & County of San Francisco in the amount of Sixteen Thousand Eight Hundred Twenty-Six Dollars and Fifty-Cents (\$16,826.50). (Department of Human Resources)
(Consideration continued from 9/16/98)

SPEAKERS: Harvey Rose, Budget Analyst; Paula Schiff, Employee Relations Division, Dept. of Human Resources - support for amended ERD version.

ACTION: Hearing held. Amendment of the Whole (with new title) adopted (see new title below). Recommended as amended.

Title: [Settlement of Grievance, Fariba Mahmoudi] Ordinance authorizing settlement of the pay grievance of Fariba Mahmoudi filed pursuant to the Memorandum of Understanding between the International Federation of Professional and Technical Engineers, Local 21, AFL-CIO, and the City and County of San Francisco in the amount of Fifteen Thousand Seven Hundred Forty-Eight Dollars and Sixty-Six Cents (\$15,748.66). (Department of Human Resources)

4. File 98-0140. [Appropriation, Dept. of Public Health] Ordinance appropriating \$1,500,000, Dept. of Public Health - Community Health Services, Community Health Service Tobacco Settlement Revenue, to fund for health education, promotion and enforcement programs to discourage smoking among minors, and for the creation of 2.1 new positions for FY 1998-1999; see File 98-0141. (Department of Public Health)
(Consideration continued from 5/13/98)

SPEAKERS: Harvey Rose; Budget Analyst; Bob Prentice, Dept. of Public Health - support; Alyonik Hrushow, Dept. of Public Health - support.

ACTION: Hearing held. Amended on page 1, line 4 after "1998-99" to add "; placing \$553,405 on reserve."; amended by adding page 3 to read as follows: "Section 3. The Board of Supervisors hereby places of total of \$553,405 on reserve (\$453,405 from professional services pending the results of Phase 1 of the project and \$100,000 from Services of Other Department - County Agri/Weights & Measures pending submission of annual salary ordinance for new positions) to be released by the Finance Committee." (see new title). Recommended as amended.

Title: [Appropriation, Department of Public Health] Ordinance appropriating \$1,500,000, Department of Public Health - Community Health Services, Community Health Service Tobacco Settlement Revenue, to fund for health education, promotion and enforcement programs to discourage smoking among minors, and for the creation of 2.1 new positions for fiscal year 1998-1999; placing \$553,405 on reserve; companion measure to File 98-0141. (Department of Public Health)

NOTE: Supervisors Teng and Newsom added as sponsors.

5. File 98-0141. [Annual Salary Ordinance, Dept. of Public Health] Ordinance amending Ordinance No. 243-98 (Annual Salary Ordinance, 1998-1999), Department of Public Health - Community Health Service, reflecting the creation of 2.1 new positions (Class 2822 Health Educator and Class 1426 Senior Clerk Typist); companion measure to File 98-0140. (Department of Public Health) (Consideration continued from 5/13/98)

..

SPEAKERS: Harvey Rose; Budget Analyst; Bob Prentice, Dept. of Public Health - support; Alyonik Hrushow, Dept. of Public Health - support.

ACTION: Hearing held. Amended on lines 12 and 13 to replace "N" class with "L" class (represents limited tenure). Recommended as amended.

NOTE: Supervisors Teng and Newsom added as sponsors.

6. File 98-1482. [Appropriation, Sheriff Department] Ordinance appropriating \$240,272, Sheriff Department, of Public Protection Revenue Special Fund for the purchase of computer hardware software and a fax machine, for fiscal year 1998-1999. RO #98022. (Controller)

SPEAKERS: Harvey Rose, Budget Analyst; Sheriff Michael Hennessey - support.

ACTION: Hearing held. Recommended.

7. File 98-1483. [Appropriation, Department of Public Works] Ordinance appropriating \$2,887,609, Department of Public Works, of Realty Trust Funds to reimburse the San Francisco County Transportation Authority for funds used to purchase the Rincon Park portion of the Marine Terminals Corporation parcel, and for the construction of the Mid-Embarcadero surface roadway, and for street improvement projects, for fiscal year 1998-1999. RO #98023. (Controller)

SPEAKERS: Harvey Rose, Budget Analyst; Tina Wilson, Dept. of Public Works - support. ..

ACTION: Hearing held. Recommended.

8. File 98-1423. [Airport Lease Agreement, Federal Aviation Administration] Resolution approving lease agreement for Low Level Windshear Alert System between the United States of America and the City and County of San Francisco, acting by and through its Airport Commission. (Airport Commission)

SPEAKER: Harvey Rose, Budget Analyst.

ACTION: Hearing held. Amended on lines 6 and 21 after "Commission" to add "; effective retroactive to July 1, 1998." (see new title). Recommended as amended.

Title: [Airport Lease Agreement, Federal Aviation Administration] Resolution approving lease agreement for Low Level Windshear Alert System between the United States of America and the City and County of San Francisco, acting by and through its Airport Commission; effective retroactive to July 1, 1998, (Airport Commission)

9. File 98-1456. [Airport Concession Lease] Resolution approving the "North Terminal Concession Opportunity Lease" between Host International, Inc. and the City and County of San Francisco, acting by and through its Airport Commission. (Airport Commission)

SPEAKERS: Harvey Rose, Budget Analyst; Peter Nardoza, S.F. Airport - support.

ACTION: Hearing held. Consideration continued to 10/7/98.

10. File 98-1472. [Real Estate Purchase Renovation] Resolution authorizing the Police Department to enter into a purchase agreement for the property located at 301 Eddy Street. (Supervisors Teng, Newsom)

SPEAKERS: Harvey Rose, Budget Analyst; Anthony DeLucchi, Dept. of Real Estate - support; Gwendolyn Westbrook - support; Algeron Dedmon, IV - support; Marvis Phillips - support; Garrett Jenkins - support; Jim Thompson - support; Jeff Quiros, Church of Scientology - support; St. Anthony Foundation Representative - support; Joseph Colteras - neither.

ACTION: Hearing held. Recommended.

NOTE: Supervisors Teng and Newsom added as sponsors.

11. File 98-1419. [Lease of Property, S.F. General Hospital] Resolution authorizing the expansion and extension of an existing lease of real property at S.F. General Hospital with the University of California Regents. (Real Estate Department)

SPEAKERS: Harvey Rose, Budget Analyst; Anthony DeLucchi - Dept. of Real Estate - support.

ACTION: Hearing held. Recommended.

VOTE ON ALL ITEMS WAS 3 - 0.

Meeting Adjourned: 2:20 p.m.

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CITY AND COUNTY



OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642
FAX (415) 252-0461

September 18, 1998

TO: Finance Committee

FROM: Budget Analyst *Recommendations for meeting of*

SUBJECT: September 23, 1998 Finance Committee Meeting

DOCUMENTS DEPT.

SEP 22 1998

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Item 1a - File 98-1461

Department: Real Estate Department

Item: Resolution concurring with the Controller's certification that janitorial services can continue to be practically performed, at the Permit Center at 1660 Mission Street and at the 25 Van Ness Avenue facility occupied by City Departments by private contractor for a lower cost than similar services performed by City and County employees.

Service to be
Performed: Janitorial Services

Description: Charter Section 10.104 provides that the City may contract with private firms for services which have been performed by City employees if the Controller certifies, and the Board of Supervisors concurs, that such services can in fact be performed by private firms at a lower cost than similar work services performed by City employees.

The Controller has determined that contracting for the janitorial services at the Permit Center at 1660

Memo to Finance Committee
September 23, 1998 Finance Committee Meeting

Mission Street and at 25 Van Ness Avenue for FY 1998-99 would result in combined estimated savings as follows:

<u>City Operating Service Costs</u>	<u>Lowest Salary Step</u>	<u>Highest Salary Step</u>
Salaries	\$327,761	\$386,980
Fringe Benefits	<u>95,491</u>	<u>104,124</u>
Total	\$423,252	\$491,104
<u>Contractual Service Cost</u>	<u>219,420</u>	<u>219,420</u>
<u>Estimated Savings</u>	\$203,832	\$271,684

Comments:

1. The 25 Van Ness building was acquired by the City in 1991. The Permit Center at 1660 Mission Street was acquired by the City in 1994. Since the acquisition of these buildings, janitorial services have been continuously provided by outside contractor services.

2. Mr. Allan Lucas of the Real Estate Department reports that Ward's Building Maintenance is the current janitorial services contractor for both the 1660 Mission Street and the 25 Van Ness Avenue facilities. The existing 1660 Mission Street janitorial services contract is for two years, which extends from November 1, 1996 through October 31, 1998. According to Mr. Lucas, the Purchasing Department is currently preparing the necessary documents to rebid this contract, effective November 1, 1998.

Mr. Lucas reports that the existing 25 Van Ness Avenue janitorial services contract is for the two year period extending from October 1, 1996 through September 30, 1998. According to Mr. Lucas, the Purchasing Department is currently accepting bids for janitorial contractor services at the 25 Van Ness Avenue building, effective October 1, 1998. Mr.

BOARD OF SUPERVISORS
BUDGET ANALYST

Lucas reports that the Department will not approve a new contract for janitorial services, until the proposed Proposition J resolution is approved.. Mr. Lucas also reports that the current janitorial services contract contains month-to-month holdover provisions. The Real Estate Department may extend this janitorial services contract for an additional one month through October 31, 1998, to allow the 25 Van Ness Avenue building and the 1660 Mission Street building to have concurrent dates for their janitorial contracts. According to Mr. Lucas, even if both the 25 Van Ness Avenue and the 1660 Mission Street buildings janitorial services contracts have the same contract time period, they will continue to be separately bid.

3. The Contractual Services Cost used for the purpose of this analysis was developed from an estimate prepared by the current contractor, based on the work scope.

4. The Controller's supplemental questionnaires with the Real Estate Department's responses for both the 25 Van Ness Avenue and the 1660 Mission Street buildings are shown in the Attachment to this report.

Recommendation: Approve the proposed resolution.

CHARTER 8.300-1 (PROPOSITION J) QUESTIONNAIRE

Department: Real Estate

Contract Services: Janitorial Service – 25 Van Ness Avenue

Contract Period: 10/1/98 to 9/30/2000

- (1) Who performed activity/service prior to contracting out? Ward's Building Maintenance, Inc. has provided janitorial service beginning July 1, 1992.
- (2) Number of City employees laid off as a result of contracting out? None.
- (3) Explain disposition of employees if they were not laid off? Not applicable.
- (4) What percentage of City employee's time is spent on services to be contracted out? None.
- (5) How long have the services been contracted out? Is this likely to be a one-time or an ongoing request for contracting out? Beginning July 1, 1992 - Ongoing.
- (6) What was the first fiscal year for a Proposition J certification? Has it been certified for each subsequent year? 1992-93 - Yes.
- (7) How will contract services meet the goals of your MBE/WBE Action Plan? Proposed contract for FY 98-2000 will be bidded with H.R.C. approval.
- (8) Does the proposed contract require that the contractor provide health insurance for its employees? Even if it is not required, does the proposed contractor provide health insurance for its employees? No. They do not.
- (9) Does the proposed contractor provide benefits to employees with spouses? If so, are the same benefits provided to employees with domestic partners? If not, how does the proposed contractor comply with the Domestic Partners ordinance? No. Contractor does not provide benefits to employees or spouses.

Department Representative: Allan B. Lucas
Real Property Officer

Telephone: (415) 554-9866

CHARTER 8.300-1 (PROPOSITION J) QUESTIONNAIRE

Department: Real Estate

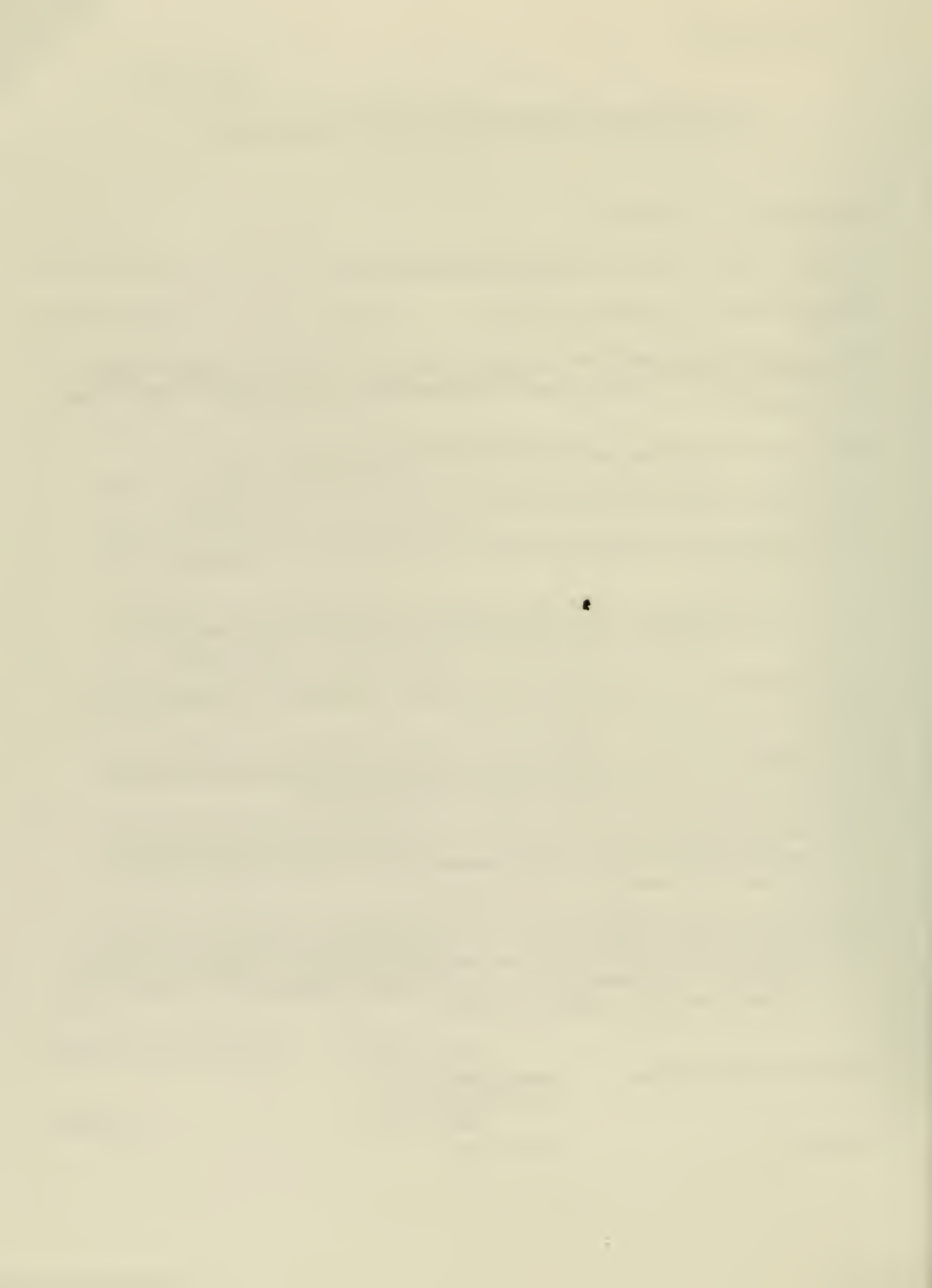
Contract Services: Janitorial Service – 1660 Mission Street

Contract Period: 11/1/98 to 10/31/2000

- (1) Who performed activity/service prior to contracting out? Ward's Building Maintenance, Inc. has provided janitorial service beginning April 1, 1994, the date of initial building occupancy.
- (2) Number of City employees laid off as a result of contracting out? None.
- (3) Explain disposition of employees if they were not laid off? Not applicable.
- (4) What percentage of City employee's time is spent on services to be contracted out? None.
- (5) How long have the services been contracted out? Is this likely to be a one-time or an ongoing request for contracting out? Beginning April 1, 1994 - Ongoing.
- (6) What was the first fiscal year for a Proposition J certification? Has it been certified for each subsequent year? 1993-94 - Yes.
- (7) How will contract services meet the goals of your MBE/WBE Action Plan? Proposed contract for FY 98-2000 will be bidded with H.R.C. approval.
- (8) Does the proposed contract require that the contractor provide health insurance for its employees? Even if it is not required, does the proposed contractor provide health insurance for its employees? No. They do not.
- (9) Does the proposed contractor provide benefits to employees with spouses? If so, are the same benefits provided to employees with domestic partners? If not, how does the proposed contractor comply with the Domestic Partners ordinance? No. Contractor does not provide benefits to employees or spouses.

Department Representative: Allan B. Lucas
Real Property Officer

Telephone: (415) 554-9866



Item 1b - File 98-1462

Department: Real Estate Department

Item: Resolution concurring with the Controller's certification that security services can continue to be practically performed, at the Permit Center at 1660 Mission Street and at the 25 Van Ness Avenue facility occupied by various City Departments, by a private contractor for a lower cost than similar services performed by City and County employees.

Service to be Performed: Security Services

Description: Charter Section 10.104 provides that the City may contract with private firms for services which have been performed by City employees if the Controller certifies, and the Board of Supervisors concurs, that such services can in fact be performed by private firms at a lower cost than similar work services performed by City employees.

The Controller has determined that contracting for the security services at the Permit Center at 1660 Mission Street and at 25 Van Ness Avenue for FY 1998-99 would result in combined estimated savings as follows:

	Lowest Salary <u>Step</u>	Highest Salary <u>Step</u>
<u>City Operating Service Costs</u>		
Salaries	\$291,706	\$344,256
Fringe Benefits	<u>89,824</u>	<u>98,084</u>
Total	\$381,530	\$442,340
<u>Contractual Service Cost</u>	<u>186,147</u>	<u>186,147</u>
<u>Estimated Savings</u>	\$195,383	\$256,193

BOARD OF SUPERVISORS
BUDGET ANALYST

Comments:

1. The 25 Van Ness Avenue building was acquired by the City in 1991. The Permit Center at 1660 Mission Street was acquired by the City in 1994. Since the acquisition of these buildings, security services have been continuously provided by outside contractor services.

2. Mr. Allan Lucas of the Real Estate Department reports that McCoy Patrol Services provides the current security guard services at the 1660 Mission Street building. This two-year security services contract began on January 1, 1997 and extends through December 31, 1998. According to Mr. Lucas, the Purchasing Department is currently preparing the necessary documents to rebid this contract, effective on January 1, 1999.

Mr. Lucas reports that Black Bear Security provides the current security guard services at the 25 Van Ness Avenue building. This two-year security services contract began on November 1, 1996 and extends through October 31, 1998. According to Mr. Lucas, the current security contract contains a month-to-month holdover provision. The Real Estate Department may extend this security services contract for an additional two months through December 31, 1998, to allow the 25 Van Ness Avenue building and the 1660 Mission Street building to have concurrent dates for their security contracts. Mr. Lucas reports that the Purchasing Department is also currently preparing the necessary documents to rebid this security contract. According to Mr. Lucas, even if both the 25 Van Ness and the 1660 Mission Street buildings security services contracts have the same contract time period, they will continue to be separately bid.

3. The Contractual Services Cost used for the purpose of this analysis, which includes the costs for both the 1660 Mission Street and the 25 Van Ness Avenue facilities, is based on the previous fiscal year costs for security services, adjusted by a five percent inflation factor.

4. The Controller's supplemental questionnaires with the Real Estate Department's responses for both the 25 Van Ness Avenue and the 1660 Mission Street buildings are shown in the Attachment to this report.

Recommendation: Approve the proposed resolution.

CHARTER 8.300-1 (PROPOSITION J) QUESTIONNAIRE

Department: Real Estate

Contract Services: Security Guard Service – 25 Van Ness Avenue

Contract Period: 11/1/98 to 10/31/2000

- (1) Who performed activity/service prior to contracting out? McCoy Patrol Service has provided security service beginning July 1, 1992. Currently Black Bear Security Service is providing security service under the current contract ending October 31, 1998.
- (2) Number of City employees laid off as a result of contracting out? None.
- (3) Explain disposition of employees if they were not laid off? Not applicable.
- (4) What percentage of City employee's time is spent on services to be contracted out? None.
- (5) How long have the services been contracted out? Is this likely to be a one-time or an ongoing request for contracting out? Beginning July 1, 1992 - Ongoing.
- (6) What was the first fiscal year for a Proposition J certification? Has it been certified for each subsequent year? 1992-93 - Yes.
- (7) How will contract services meet the goals of your MBE/WBE Action Plan? Proposed contract for FY 98-2000 will be bided with H.R.C. approval.
- (8) Does the proposed contract require that the contractor provide health insurance for its employees? Even if it is not required, does the proposed contractor provide health insurance for its employees? No. Yes, they do.
- (9) Does the proposed contractor provide benefits to employees with spouses? If so, are the same benefits provided to employees with domestic partners? If not, how does the proposed contractor comply with the Domestic Partners ordinance? Yes, Contractor does provide benefits to employees or spouses. The same benefits are provided to employees with domestic partners.

Department Representative: Allan B. Lucas
Real Property Officer

Telephone: (415) 554-9866

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CHARTER 8.300-1 (PROPOSITION J) QUESTIONNAIRE

Department: Real Estate

Contract Services: Security Guard Service - 1660 Mission Street

Contract Period: 1/1/99 to 12/31/2000

- (1) Who performed activity/service prior to contracting out? McCoy Patrol Service has provided security service beginning April 1, 1994, the date of initial building occupancy.
- (2) Number of City employees laid off as a result of contracting out? None.
- (3) Explain disposition of employees if they were not laid off? Not applicable.
- (4) What percentage of City employee's time is spent on services to be contracted out? None.
- (5) How long have the services been contracted out? Is this likely to be a one-time or an ongoing request for contracting out? Beginning April 1, 1994 - Ongoing.
- (6) What was the first fiscal year for a Proposition J certification? Has it been certified for each subsequent year? 1993-94 - Yes.
- (7) How will contract services meet the goals of your MBE/WBE Action Plan? Proposed contract for FY 98-2000 will be bided with H.R.C. approval.
- (8) Does the proposed contract require that the contractor provide health insurance for its employees? Even if it is not required, does the proposed contractor provide health insurance for its employees? No. They do not.
- (9) Does the proposed contractor provide benefits to employees with spouses? If so, are the same benefits provided to employees with domestic partners? If not, how does the proposed contractor comply with the Domestic Partners ordinance? No. Contractor does not provide benefits to employees or spouses.

Department Representative: Allan B. Lucas
Real Property Officer

Telephone: (415) 554-9866

Item 1c – File 98-1476

Department: Public Transportation Commission

Item: Resolution concurring with the Controller's certification that paratransit services for the Public Transportation Commission can continue to be practically performed by a private contractor at a lower cost than by City and County employees.

Service to be Performed: Paratransit Services.

Description: City Charter Section 10.104.15 provides that the City may contract with private firms for services which have been performed by City employees, if the Controller certifies and the Board of Supervisors concur, that such services can in fact be performed by private firms at a lower cost than similar work services performed by City employees.

The Controller has determined that contracting for the paratransit services for FY 1998-99 would result in estimated savings as follows:

	Lowest Salary <u>Step</u>	Highest Salary <u>Step</u>
<u>City Operating Service Costs</u>		
Salaries	\$8,019,398	\$10,059,689
Fringe Benefits	2,641,207	2,961,941
Capital and Operating Expenses	<u>1,759,098</u>	<u>1,759,098</u>
Total	\$12,419,703	\$14,780,728
<u>Contractual Service Cost</u>	<u>11,861,066</u>	<u>11,863,590</u>
<u>Estimated Savings</u>	\$558,637	\$ 2,917,138

Comments: 1. Paratransit Services, which are door-to-door van and taxi transportation services for persons with disabilities, were first certified as required by Charter Section 10.104 in 1984, and have been provided by an outside contractor since then.

BOARD OF SUPERVISORS
BUDGET ANALYST

2. Ms. Annette Williams of the Municipal Railway reports that the current Paratransit Services contract with Cerenio Management Group began in October 1, 1991, and extended through June 30, 1996. In April of 1996, the Board of Supervisors approved an amendment to the original contract with Cerenio Management Group to provide a three year extension of the contract, effective through June 30, 1999. According to Ms. Williams, the Municipal Railway is in the process of preparing the necessary documents to rebid this contract to begin in July of 1999.

3. The Contractual Services Cost used for the purpose of this analysis is based on the contractor's projected actual costs for FY 1998-99.

4. The Controller's supplemental questionnaire with the Public Transportation Commission's responses is shown in the Attachment to this report.

Recommendation: Approve the proposed resolution.

CHARTER 10.104.15 (PROPOSITION J) QUESTIONNAIRE

DEPARTMENT: Public Transportation Commission/Municipal Railway

CONTRACT SERVICES: Paratransit

CONTRACT PERIOD: 07/01/98 - 6/30/99

- (1) Who performed the activity/service prior to contracting out?

Service has always been contracted out.

- (2) How many City employees were laid off as a result of contracting out?

None.

- (3) Explain the disposition of employees if they were not laid off.

N/A

- (4) What percentage of City employees' time is spent of services to be contracted out?

20% of one full-time equivalent contract administrator plus 3 hours per month of a 1630 Accountant.

- (5) How long have the services been contracted out? Is this likely to be a one-time or an ongoing request for contracting out?

Eighteen (18) years. Likely to be an ongoing request for contracting out.

- (6) What was the first fiscal year for a Proposition J certification? Has it been certified for each subsequent year?

FY 83-84. Yes, it has been certified every year.

- (7) How will the services meet the goals of your MBE/WBE Action Plan?

The Broker services are currently performed by an MBE/WBE firm and not less than 30% of all service is provided by MBE/WBE firms.

- (8) Does the proposed contract require that the contractor provide health insurance for its employees? Even if not required, are health benefits provided?

Yes, the contract requires health insurance for employees.

- (9) Does the proposed contractor provide benefits to employees with spouses? If so, are the same benefits provided to employees with domestic partners? If not, how does the proposed contractor comply with the Domestic Partners ordinance?

Yes, the contractor provides benefits to employees with spouses and domestic partners.

Department Representative: Annette Williams

Telephone Number: 923-6142

Item 1d - File 98-1481

Department: Port
Public Utilities Commission (PUC)

Item: Hearing to consider the release of reserved funds in the amount of \$1,000,000 from 1988 Sewer Revenue Bond Funds to construct the Pier 98 Wetlands Enhancement Project.

**Amount &
Source of Funds:** \$1,000,000 from previously reserved 1988 Sewer Revenue Bond Funds under the Clean Water Program of the Public Utilities Commission.

Description: In August of 1996, the Board of Supervisors appropriated \$1,000,000 of 1988 Sewer Revenue Bond Funds from the Clean Water Program for construction of the Pier 98 Wetlands Enhancement Project. These funds were reserved pending the Port's submission to the Finance Committee of the contractors selected and submission of contract cost details. This request would authorize the release of \$1,000,000 in PUC funds for the construction of the Pier 98 Wetlands Enhancement Project.

According to Ms. Wendy Iwata of the PUC, as part of the PUC's request for an exception to the Basin Plan's¹ 10:1 dilution requirements from the Regional Water Quality Control Board, the PUC agreed to use Clean Water Program monies to partially fund the Port's Pier 98 Wetlands Enhancement Project in the amount of \$1,000,000.

Ms. Carol Bach of the Port explains that the Pier 98 Wetlands Enhancement Project is an ongoing wetlands environmental project initiated by the Port to mitigate landfill that the Port previously placed in Pier 98 in anticipation of using Pier 98 as a cargo facility. As a result of the Port losing most of its cargo business, the cargo facility at Pier 98 was never constructed. The Port then faced a legal dispute with the Bay Conservation Development Corporation (BCDC) regarding the status of

¹ The Basin Plan is the Regional Water Quality Control Board's plan for monitoring and controlling water quality in the San Francisco Bay.

the landfill at Pier 98 and its future use. According to Ms. Bach, in order to avoid litigation, the Port and BCDC mutually agreed that the Port would convert the landfill at Pier 98 into wetlands and a recreation area through the Pier 98 Wetland Enhancement Project. The Pier 98 Wetland Enhancement Project would include 26 acres of land, 14 of which would be devoted to wetlands, with the balance of the 12 acres devoted to recreation, uplands beautification and shoreline protection.

Ms. Bach reports that construction work to be performed for the Project consists of debris removal, excavation and grading, shoreline protection and upland beautification, with the specific purpose of creating a recreation area that is also an environmental enhancement for the community.

Budget:

The total estimated project cost is \$1,759,835, including \$1,423,650 in contract costs, \$142,365 for contract contingencies, \$177,320 in trail construction and landscaping costs (see Comment No. 1) and \$16,500 in Port costs. Attachment I, provided by Ms. Bach, contains the budget details for the total estimated project cost of \$1,759,835.

The construction contract for the Pier 98 Wetlands Enhancement Project was awarded by the Port to Bauman Landscape in the amount of \$1,423,650. According to Ms. Bach, Bauman Landscape was the only responsive bidder. Ms. Bach points out that the lowest bidders did not meet the MBE/WBE goals established by the Human Rights Commission. Attachment II, provided by Ms. Bach, contains a list of the firms and their bids for the construction of the Pier 98 Wetlands Enhancement Project.

This request for the release of \$1,000,000 for the construction of the Pier 98 Wetlands Enhancement Project requires an additional \$759,835 (total project costs of \$1,759,835 less the requested release of \$1,000,000 on reserve). According to Ms. Bach, the source of the additional \$759,835 would be from (1) previously approved grant funds from the California State Coastal Conservancy in the amount of \$500,000 (File No. 98-

BOARD OF SUPERVISORS
BUDGET ANALYST

0822); (2) the Association of Bay Area Governments in the amount of \$66,000 (File No. 98-0823); and, (3) the Port's FY 1997-98 appropriated capital funds in the amount of \$193,835.

Comment:

1. According to Ms. Bach, as part of the Pier 98 Wetlands Enhancement Project, the Port plans to award a contract to the San Francisco League of Urban Gardeners, the California Conservation Corps, and the San Francisco Conservation Corps in the amount of \$177,320 for the construction of trails and landscaping work at Pier 98. Ms. Bach reports that the Board of Supervisors previously waived this contract from the City's competitive bid process (File No. 98-0821).

Recommendation:

Approve the proposed resolution.

PIER 98 WETLANDS AND PUBLIC ACCESS ENHANCEMENT PROJECT

Construction Budget

Item	Cost
Wetlands and Public Access Improvements - Lump Sum Costs: <i>Includes clearing, grading, installation of landfill cover, hydroseeding, site furnishings, fishing pier. Includes costs for on-site reuse or off-site disposal of estimated quantities of rock, soil, and other material. To be performed by Bauman Landscape, under contract to the Port.</i>	\$1,423,650
Construction Contingency: 10% of Lump Sum and Unit Costs	\$142,365
Trail Construction and Native Plant Landscaping: <i>Includes final grading and installation of surface material on trails, propagation and planting of native plants. To be performed by the San Francisco League of Urban Gardeners, the Calif. Conservation Corps, and the San Francisco Conservation Corps under contract to the Port.</i>	\$177,320
Signs: <i>Interpretive, directional and regulations signs. To be purchased directly from manufacturer by the Port.</i>	\$16,500
TOTAL	\$1,759,835

BID SUMMARY

PORT OF SAN FRANCISCO

Project: Pier 88 Wetlands and Public Access Construction
Contract No.: 2651

Project Engineer: Carol Bach

Bids Opened: 7/7/08

Prepared By: Carol Bach

Date: 7/8/08

Page 1 of 2

Bid Item #	Description	Estimated Quant.	Unit/L/S	Price	Total	Unit/L/S	Price	Total	Unit/L/S	Price	Total	Unit/L/S	Price	Total
B1	All other work	1 L/S		\$238,766	\$238,766		\$143,180	\$143,180		\$105,000	\$105,000		\$60,000	\$60,000
B2	Provide and construct wetlands and public access features	1 L/S		\$800,000	\$800,000		\$712,929	\$712,929		\$610,000	\$610,000		\$914,650	\$914,650
B3	Mobilization	1 L/S		\$44,000	\$44,000		\$30,875	\$30,875		\$30,000	\$30,000		\$45,000	\$45,000
A1	Trail to fishing pier	1 L/S		\$25,000	\$25,000		\$19,872	\$19,872		\$30,000	\$30,000		\$22,200	\$22,200
A2	Bird viewing area #2	1 L/S		\$5,000	\$5,000		\$13,335	\$13,335		\$10,000	\$10,000		\$5,000	\$5,000
A3	Fishing pier	1 L/S		\$150,540	\$150,540		\$168,067	\$168,067		\$135,000	\$135,000		\$170,000	\$170,000
A4	Hydroseeding	1 L/S		\$32,340	\$32,340		\$11,539	\$11,539		\$40,000	\$40,000		\$25,000	\$25,000
A5	Provide public use amenities	1 L/S		\$0,000	\$0,000		\$15,772	\$15,772		\$12,000	\$12,000		\$8,500	\$8,500
A6	Bird viewing area #1	1 L/S		\$10,000	\$10,000		\$13,335	\$13,335		\$33,000	\$33,000		\$30,000	\$30,000
A7	Strip parking area	1 L/S		\$1,000	\$1,000		\$568	\$568		\$4,000	\$4,000		\$1,000	\$1,000
U1	Transport & Dispose, Class I	per ton		\$183	\$5,480		\$02	\$1,959		\$100	\$3,000		\$200	\$8,000
U2	Transport & Dispose, Class II	per ton		\$30	\$2,700		\$25	\$2,268		\$50	\$4,500		\$300	\$55,000
U3	Transport & Dispose, Class III	per ton		\$27	\$135,000		\$23	\$117,000		\$10	\$80,000		\$20	\$100,000
U4	Stockpile excavated riprap	per ton		\$5	\$2,500		\$15	\$7,475		\$15	\$7,500		\$10	\$5,000
U5	Replace riprap	per hour		\$450	\$18,000		\$498	\$19,920		\$430	\$17,200		\$300	\$12,000
U0	Place and grade excess soil	per cu.yd.		\$3	\$3,000		\$7	\$9,900		\$9	\$8,000		\$5	\$5,000
Totals					\$1,279,356			\$1,275,120			\$1,189,200			\$1,423,650

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ATTACHMENT II

Page 1 of 2

BID SUMMARY PORT OF SAN FRANCISCO

Prepared By: Carol Bach

Date:
Page 2 of 2

Project: Pier 88 Wetlands and Public Access Construction
Contract No.: 2851
Project Engineer: Carol Bach

Bids Opened: 7/7/88

Required Forms	Document #	Yes (Y)	No (N)	Yes (Y)	No (N)	Yes (Y)	No (N)	Yes (Y)	No (N)
Bid	00300	Y		Y		Y		Y	
Addenda Acknowledgment		Y		Y		Y		Y	
Schedule of Bid Prices	00302	Y		Y		Y		Y	
Schedule of Unit Prices	00304	Y		Y		Y		Y	
Bid Bond	00411	Y		Y		Y		Y	
Experience & Financial Qualification	00420	Y		Y		Y		Y	
List of Subcontractors	00430	Y		Y		Y		Y	
Non-Collusion Certification	00481	Y		Y		Y		Y	
HRC Form 1		Y		Y		Y		Y	
HRC Form 2A		Y		Y		Y		Y	
HRC Form 2B		Y		Y		Y		Y	
HRC Form 3		Y		Y		Y		Y	
HRC Form 12B-101		Y		Y		Y		Y	
HRC Form 12B-102		Y		Y		Y		Y	
HRC Form 12B-103		Y		Y		Y		Y	
Apprenticeship Program	00480	Y		Y		Y		Y	
Business Tax Reg Declaration	00491	Y		Y		Y		Y	
Highest General Prevailing Wage	00492	Y		Y		Y		Y	
Equal Opp Empl & Bus Practices LE	00493	Y		Y		Y		Y	
MacBride Principles	00494	Y		Y		Y		Y	
Notes									
Deemed Responsive by Engr & HRC (Y/N) ?		N		N		N		Y	

Total Bid		from other page	
PREFERENCES (as applicable):		\$1,279,350	
MDE	10%	\$1,151,420	
WDE	10%	(\$)	
LDE	5%	(\$)	
JV	5%	(\$)	
JV	7.5%	(\$)	
JV	10%	(\$)	
Adjusted Bid		\$1,151,420	
		\$1,275,120	
		no preference applies	
		\$1,169,200	
		no preference applies	
		\$1,423,850	
		no preference applies	
		\$1,423,650	

ATTACHMENT II
Page 2 of 2

TOTAL P.04

Item 1e – File 98-1539

Department: Department of Parking of Traffic (DPT)

Item: Request to release reserved funding for a contract between the City and PRWT Services, Inc. to provide an Automated Parking Citation Processing and Collection System.

Amount: \$4,471,460

Source of Funds: General Fund monies previously appropriated but reserved in DPT's FY 1998-99 operating budget.

Description: In July of 1998, the Board of Supervisors approved Resolution No 593-98 which authorized the Executive Director of the Department of Parking and Traffic (DPT) to execute an agreement between the City and PRWT Services, Inc. for an Automated Parking Citation Processing and Collection System, which included hand held ticket writing devices.

As part of the FY 1998-99 budget process, the Board of Supervisors approved funding for the system in the amount of \$4,671,460, of which \$4,471,460 was placed on reserve, pending final negotiation of a contract with PRWT and complete fiscal analysis of the contract. The DPT has completed the contract negotiation and the Board of Supervisors received the Budget Analyst's report on the fiscal impact of the contract prior to the Board of Supervisors' approval of the contract in July of 1998.

Budget: According to DPT, the reserved funding would be allocated as follows:

\$3,130,000	Citation processing costs
1,028,460	Vendor payments on collection of delinquent accounts
<u>313,000</u>	Payment of postage pass through costs
\$4,471,460	

Comment: 1. Of the \$4,671,460 that was approved in DPT's FY 1998-99 budget for the Automated Parking Citation Processing and Collection System, the subject \$4,471,460

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was reserved. The remaining \$200,000 was approved for DPT's routine expenditure for postage to mail notices of parking citations to recipients prior to DPT issuing the Notice to Proceed to PRWT.

2. According to Mr. Steve Bell of DPT, the reserved amount of \$4,471,460 is the estimated funding requirements for six months of the PRWT contract, which is projected to commence in October of 1998.

Recommendation: Approve the requested release of reserved funds.

Item 2 - File 98-1541

Department: Controller

Item: Resolution establishing tax rate pass through amount for residential tenants pursuant to Chapter 37 of the San Francisco Administrative Code.

Description: In May, 1996, the Board of Supervisors approved an ordinance amending Chapter 37 of the San Francisco Administrative Code, Sections 37.2, 37.3 and 37.8, to permit landlords to passthrough to residential tenants an amount based on any increase in Property Taxes imposed as a result of the repayment of General Obligation Bonds approved by the voters between November of 1996 and November of 1998.

This proposed resolution would establish a tax rate of \$0.010 (or one cent per hundred dollars of assessed valuation) attributable to General Obligation Bonds approved between November 1, 1996 and November 30, 1998 and repayable during FY 1998-99. The \$0.010 tax rate is part of the recommended tax rate of \$1.165 for Fiscal Year 1998-99 which is pending final passage by the Board of Supervisors (Files 98-1404, 98-1405 and 98-1406).

The attachment to this report, prepared by the Controller illustrates the impact of the pass through tax rate on several examples of rental properties within the City. These calculations are based on: a) authorized General Obligation bonded indebtedness of \$288,000,000 as approved by the voters between November of 1996 and the present; b) \$153,480,000 in debt either issued to date or to be issued during FY 1998-99; and, c) an annual debt service requirement of \$6,057,947 during FY 1998-99. The attachment contains examples showing that rent of tenants would increase by a range of \$1.97 per unit per year or \$0.16 per unit per month (for a six unit property located at 814 14th Street) to \$27.90 per unit per year or \$2.33 per unit per month (for a three unit property located at 1723 Noe Street). As noted in the Controller's attachment, these examples are for illustration purposes only and the impact may vary if different assumptions are used.

Recommendation: Approve the proposed resolution.

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Bond	Amount Issued or to be		Avg Annual Debt Svc Requirement	Tax Effect per \$100 A.V.
	Authorized Amount	Issued in 98-99		
1996 Affordable Housing - Series 1998A	\$ 100,000,000	\$ 20,000,000	\$ 1,807,554	0.003
1997 Zoo Facilities - Series 1998B	40,000,000	11,000,000	434,123	0.001
1997 Zoo Facilities - Series 1999A	see above	21,385,000	493,982	0.001
1997 School & College Districts - Series 1998B	140,000,000	63,710,000	2,458,762	0.004
1997 School & College Districts - Series 1999A	see above	37,385,000	863,526	0.001
Total	\$ 288,000,000	\$ 153,480,000	\$ 6,057,947	0.010

Note: The 1998-99 basis of secured levy is \$58,860,384,896.

Example of the Impact of the General Obligation Debt Service on Certain Property Owners & Tenants

Property Address	1998-1999 Assessed Value	1998-1999 Tax Rate	1998-1999 Tax Amount	1997-1998 Assessed Value	1997-1998 Tax Rate	1997-1998 Tax Amount	Savings from Change of Tax Rate	Total Tax Effect per \$100 A.V. for Passthrough Bonds	98-99 Tax Effect on Property Owner for Passthrough Bonds (1)	# of Units	Annual Tax Effect on Each Unit	Monthly Tax Effect on Each Unit
964 Guerrero	279,453	1.165%	3,256	273,976	1.190%	3,260	4.69	0.010	\$ 27.95	3	\$ 9.32	\$ 0.78
1723 Noe	837,000	(2)	9,751	(3)	(3)	-	(3)	0.010	\$ 83.70	3	\$ 27.90	\$ 2.33
814 14th St	118,054	1.165%	1,375	115,740	1.190%	1,377	1.98	0.010	\$ 11.81	6	\$ 1.97	\$ 0.16
625 Hyde	710,000	(2)	8,272	(3)	(3)	-	(3)	0.010	\$ 71.00	7	\$ 10.14	\$ 0.85
1449 Washington	590,389	1.165%	6,878	578,840	1.190%	6,888	10.16	0.010	\$ 59.04	12	\$ 4.92	\$ 0.41
1304 Lombard	2,050,000	(2)	23,883	(3)	(3)	-	(3)	0.010	\$ 205.00	12	\$ 17.08	\$ 1.42
1680 Broadway	4,076,860	1.165%	47,495	3,997,417	1.190%	47,569	73.84	0.010	\$ 407.69	80	\$ 5.10	\$ 0.42
3711 19th Ave	6,677,257	1.165%	77,790	6,546,331	1.190%	77,901	111.29	0.010	\$ 667.73	306	\$ 2.18	\$ 0.18

Assumptions: (1) No homeowner's exemption because it's not owner occupied.

(2) The 1998-1999 assessed value reflects the recent sales price.

(3) The 1998-1999 sale establishes a new base year value for the property. Comparison to 1997-98 assessed value to determine savings from change of tax rate would be distorted by the new base year value.

Note: The above schedules are for illustration purpose only. The impact may vary if different assumptions are used.

Item 3 - File 98-1176

Note: This item was continued by the Finance Committee at its meeting of September 16, 1998. An Amendment of the Whole will be submitted to the Finance Committee at its September 23, 1998 meeting. This report is based on the Amendment of the Whole.

Department: Department of Human Resources (DHR)
Department of Transportation

Item: Ordinance authorizing the settlement of a pay grievance of Ms. Fariba Mahmoudi filed against the City pursuant to the Memoranda of Understanding (MOU) between the International Federation of Professional and Technical Engineers, Local 21, AFL-CIO, in the amount of \$15,748.66.

Description: The proposed ordinance would approve a settlement against the City in the amount of \$15,748.66 for a grievance filed on behalf of Ms. Fariba Mahmoudi by the International Federation of Professional and Technical Engineers, Local 21.

According to Mr. Geoffrey Rothman, of DHR, Ms. Mahmoudi was hired by the Department of Transportation as a 5202 Junior Civil Engineer at Step 1 on April 22, 1994 and worked at Step 1 for the period April 22, 1994 through November 17, 1995. According to Mr. Rothman, as stated in his attached memorandum of July 22, 1998, "At the time of her [Ms. Mahmoudi's] offer of employment she was informed that she could be appointed above the entrance rate of Step 1 if she provided records documenting that she would experience a loss of compensation if she was appointed at Step 1. Ms. Mahmoudi submitted the required documentation to the Department of Transportation to justify an appointment to Step 5. No action was initiated by the department to request approval of the Step 5 appointment."

The annual salary at Step 5 of a 5202 Junior Civil Engineer position as of April 22, 1994 when Ms. Mahmoudi was hired was \$44,970 or \$7,882 higher than the annual salary of \$37,088 at Step 1. On November 18, 1995, Ms. Mahmoudi was promoted to classification 5204 Assistant Civil Engineer at Step 3 and worked at Step 3 for the period November 18, 1995 through February 21, 1997. If her promotion to the 5204 Assistant Civil

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Engineer position had been based on Step 5 of a 5202 Junior Civil Engineer position, Ms. Mahmoudi would have been promoted to Step 5 of the 5204 Assistant Civil Engineer position instead of to Step 3 of the 5204 Assistant Civil Engineer position. As of November 18, 1995, the date of her promotion, the annual salary at Step 5 of a 5204 Assistant Civil Engineer position was \$51,026 or \$4,751 higher than the \$46,275 annual salary at the Step 3 salary which Ms. Mahmoudi received.

Article III.3.G-Appointment Above Entrance Rate of the Memorandum of Understanding (MOU) between the International Federation of Professional and Technical Engineers, Local 21 states that, "Appointments may be made by an appointing officer at any Step in the compensation schedule upon the approval of the Human Resources Director under one or more of the following conditions: a) A former permanent City employee, following resignation with service satisfactory, is being reappointed to a permanent position in his/her former classification, b) loss of compensation would result if appointee accepts position at the normal Step, c) a severe, easily demonstrated and documented recruiting and retention problem exists, d) the appointee possessed special experience, qualifications, and/or skills including, but not limited to, the number of years performing similar work elsewhere which, in the Appointing Officer's opinion, warrants appointment above the entrance rate, e) to be considered, requests for adjustments under the provisions of this Section must be received in the offices of the Department of Human Resources not later than the end of the fiscal year in which the appointment is made, and f) when the Human Resources Director approves appointments of all new hires in a classification at a Step above the entrance rate, the Human Resource Director may advance to that Step incumbents in the same classification who are below that Step."

On behalf of Ms. Mahmoudi, Local 21, AFL-CIO filed a grievance against the City in July, 1996 asserting violation of Article III.3.G-Appointment Above Entrance Rate of the MOU.

In his July 22, 1998 memorandum, Mr. Rothman stated, "Ms. Mahmoudi inquired regarding the status of the request (to be appointed at a higher Step when she was first hired by the Department of Transportation) shortly after she was hired and was provided with inaccurate information by a former supervisor that resulted in her belief that an adjustment to her salary Step was no longer possible. However, Ms. Mahmoudi raised the issue again a year later when she became aware that two new hires in the 5202 class were advised that they could be eligible for an appointment above the entrance rate. As a consequence, Ms. Mahmoudi inquired as to the misinformation given to her and again requested her appointment retroactively to the higher Step. The Department then submitted a request to the Department of Human Resources, now two years later, for the Step 5 appointment."

However, Mr. Rothman stated in his memorandum, "Requests for appointment above the entrance rate in order to be considered must be received either prior to appointment or at least within the same fiscal year of appointment. Therefore, the request was untimely and was denied by the Department of Human Resources."

However, at this time the Department of Human Resources is recommending approval of this subject settlement to grant Ms. Mahmoudi a settlement of \$15,748.66 because, as Mr. Rothman states in his memorandum, "In view of the facts and circumstances provided by Ms. Mahmoudi and by the union, the Department of Human Resources is recommending approval of this settlement."

Comments:

1. The original settlement amount was \$16,826.50. Based on the terms of the original agreement, the Budget Analyst discovered that errors had been made in calculating the settlement amount and recommended that the amount be reduced to \$13,936.79. Upon further review of the document, DHR and the union discovered that some of the terms of the original agreement were also in error and subsequently renegotiated the terms of the settlement agreement. Based on the revised terms of the agreement, the proposed settlement is now

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\$15,748.66, or \$1,077.84 less than the original settlement amount of \$16,826.50. The Budget Analyst has reviewed the calculations and concurs with the revised amount. The Department of Human Resources, the Department of Transportation and the union are also in agreement.

2. Ms. Vicki Clayton of the City Attorney's Office advises that if the Board of Supervisors does not approve the proposed ordinance, the dispute would be decided by an arbitrator.

Recommendation: Approval of the proposed ordinance is a policy matter for the Board of Supervisors.



ANDREA R. GOURDINE
HUMAN RESOURCES DIRECTOR

July 22, 1998

To: Harvey Rose
Board of Supervisors' Budget Analyst

From: Geoffrey Rothman *NR*
Employee Relations Director

Re: Fariba Mahmoudi Settlement
File No. 98-1176

Memo to Finance Committee
August 5, 1998

Item 3 - File 98-1176

Ms. Fariba Mahmoudi was hired as a class 5202 Jr. Civil Engineer on March 29, 1994.

At the time of her offer of employment she was informed that she could be appointed above the entrance rate of step 1 if she provided records documenting that she would experience a loss of compensation if she was appointed at step 1. Ms. Mahmoudi submitted the required documentation to the Department of Transportation to justify an appointment to step 5. No action was initiated by the department to request approval of the step 5 appointment.

Ms. Mahmoudi inquired regarding the status of the request shortly after she was hired and was provided with inaccurate information by a former supervisor that resulted in her belief that an adjustment to her salary step was no longer possible.

However, Ms. Mahmoudi raised the issue again a year later when she became aware that two new hires into the 5202 class were advised that they could be eligible for an appointment above the entrance rate.

As a consequence, Ms. Mahmoudi inquired as to the misinformation given to her and again requested her appointment retroactively to the higher step.

The Department then submitted a request to the Department of Human Resources, now two years later, for the step 5 appointment.

Requests for appointment above the entrance rate in order to be considered must be received either prior to appointment or at least within the same fiscal year of appointment. Therefore, the request was untimely and was denied by the Department of Human Resources.

IFPTE, Local 21 then filed a grievance on behalf of Ms. Mahmoudi with the Department of Human Resources.

In view of the facts and circumstances provided by Ms. Mahmoudi and by the union, the Department of Human Resources is recommending approval of this settlement.

Items 4 and 5 - Files 98-140 and 98-141

Note: These items were continued by the Finance Committee at its meeting of May 13, 1998.

Department: Department of Public Health (DPH)

Items: File 98-140 - Supplemental appropriation ordinance appropriating \$1,500,000 of Tobacco Settlement Revenues to the Department of Public Health (DPH) Community Health Service to fund media, health education, and enforcement programs to discourage smoking among minors.

File 98-141 - Ordinance amending the 1998-99 Annual Salary Ordinance to reflect the creation of 2.1 FTE new positions in the Department of Public Health (DPH).

Amount and

Source of Funds: \$1,500,000 in proceeds from a Settlement and Consolidation Agreement with the R.J. Reynolds Tobacco Company regarding Mangini v. R.J. Reynolds Tobacco Company, et al.

Description: On September 9, 1997 a Settlement and Consolidation Agreement (Agreement) was reached with R.J. Reynolds Tobacco Co. (RJR) in Mangini v. R.J. Reynolds Tobacco Company, et al. Pursuant to the Agreement, RJR has discontinued the Joe Camel Campaign, released documents relating to the campaign to the public, and paid \$10,000,000 to the City and County of San Francisco, which served as the lead litigator.

On October 6, 1997 the Board of Supervisors approved a resolution to accept funds in the amount of \$10,000,000 made available in Mangini v. R.J. Reynolds Tobacco Company, et al. and distribute such funds according to the terms of a Settlement and Consolidation Agreement (File 194-97-2.1). Under the terms of the Agreement, of the total amount of \$10,000,000, (a) \$1,000,000 would be used to compensate San Francisco and the 13 other California cities and counties which participated in the litigation for public attorney time spent on the litigation (File 101-97-53) and (b) \$9,000,000 would be used to finance education, enforcement and advertising campaigns by California cities and counties to discourage smoking by minors. Of the \$9,000,000 to be used

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for education, enforcement and advertising campaigns, San Francisco will receive a total of \$1,500,000. The proposed ordinance (File 98-140) would appropriate this \$1.5 million in tobacco settlement revenues to DPH's Community Health Services to fund health education, promotion and enforcement programs to discourage smoking among minors including salaries and other personnel expenses, professional services contracts, equipment, office space, and services of other departments.

DPH has developed a detailed description of the planned use of the subject supplemental appropriation of \$1,500,000 which is shown as Attachment 1.

Budget: A budget for the requested \$1,500,000, for a 17-month period commencing approximately on October 1, 1998 through February 31, 2000, is as follows:

Permanent Salaries:

1.6 FTE Class 2822 Health Educators @ \$1,840 biweekly and 0.5 FTE Class 1426 Senior Clerk Typist @ \$1,223 biweekly for 17 months (approximately 37 pay periods) \$131,465

Fringe Benefits (22% of salaries) 28,900

Employee Field Expense (approx. \$38/mo. for 17 mos.) 650

Professional Services (See Attachment 2)

Proposal calls for Media, Evaluation, and Community Intervention professional services contracts, to be expended in two phases (\$635,500 in Phase 1 and \$418,405 in Phase 2, see Comment No. 3). 1,053,905

Rents and Leases

Rent for office space located at 1540 Market Street: 400 sq. ft. @ \$1.25/sq. ft. or \$500/month for 17 months (see Comment No. 2) 8,500

Other Current Expenses (see Attachment 3) 8,735

Materials and Supplies

Includes 3 desks @ \$600 each, 3 chairs @ \$400 each, 3 computer workstations @ \$350 each, 6 file cabinets @ \$300 each, and 3 bookshelves @ \$200 each \$6,450

Equipment

3 computers with software @ \$2,000 each and 1 printer @ \$900 6,900

Services of Other Departments

Telecommunications and Information Services

Installation of 3 phones @ \$200/phone and monthly service charges for 3 phones @ \$135/month for 17 months 2,895

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Purchasing Department

Mail and Reproduction Services approx. \$94 per month for 17 months 1,600

County Agricultural Weights and Measures (See Attachment 4) 100,000

Police Department (See Attachment 5 and Comment No. 5) 150,000

Total \$1,500,000

According to Ms. Alyonik Hrushow of DPH, under the proposal, an advisory committee selected by the staff of the Tobacco Free Project would be formed, consisting of approximately 10-15 members including representatives of ethnic communities, youth, tobacco control professionals, the City Attorney's Office, and San Francisco Unified School District tobacco education or health program offices. The advisory committee would review research findings regarding effective media and communication targeting youth with tobacco prevention messages, including findings relating to ethnic diversity. Ms. Hrushow advises that the advisory committee will review anti-tobacco television advertisements, pertaining to discouraging smoking among minors, which have already been produced by other agencies throughout the United States. They will evaluate ads by using research findings, phone surveys of San Francisco youth, and focus groups of ethnically and linguistically diverse youth to determine if existing advertisements are effective. According to Ms. Hrushow, the advisory committee will then decide either to use existing advertisements and/or direct that new television advertisements be developed.

Comments:

1. The proposed ordinance (File 98-141) would amend the 1998-99 Annual Salary Ordinance to reflect the creation of 2.1 FTE, or three, new positions for the DPH as follows:

<u>Class and Position Title</u>	<u>FTE</u>	<u>Biweekly Salary</u>	<u>Annual</u>	<u>Annual</u>
			<u>Salary</u>	<u>Salary</u>
2822 Health Educator	1.6	\$1,904 - \$2,314	\$49,694	\$60,395
1426 Senior Clerk Typist	0.5	\$1,270 - \$1,539	\$33,147	\$40,168
	2.1			

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The annual cost of the requested 2.1 FTE new positions would range from a total of \$117,222 at Step 1, including salaries of \$96,084 and fringe benefits of \$21,138, to a total of \$142,394 at Step 5, including salaries of \$116,716 and fringe benefits of \$25,678. All 2.1 FTE positions have been budgeted at Step 1 in this requested supplemental appropriation.

2. According to Ms. Hrushow, \$8,500 is required for the rental of 400 square feet of office space located at 1540 Market Street (400 sq. ft. @ \$1.25/sq. ft. or \$500/month for 17 months). Ms. Hrushow advises that five employees of DPH's Tobacco Free Project, which is funded by Proposition 99 funds, currently occupy approximately 2,121 square feet of space in the building at a rate of \$2,651 per month (\$1.25/sq. ft. per month). According to Ms. Hrushow, the 2.1 FTE new employees will share a portion of the space currently leased by the Tobacco Free Project. Ms. Hrushow reports that the rental monies in the amount of \$500 per month is requested to reimburse the Tobacco Free Project for the amount of space the 2.1 FTE new employees will occupy, approximately 400 square feet. Therefore this request would not result in the rental of any additional space.

3. The Department has split the expenditures of Professional Services under the proposed project into two Phases. As shown on Attachment 2, \$635,500 of the \$1,053,905 in Professional Services would be expended in Phase 1 and \$418,405 in Professional Services would be expended in Phase 2. The Department requests that the Professional Services monies to be expended in Phase 2, or \$418,405, be placed on reserve pending the results of an evaluation of Phase 1 of the project.

According to Ms. Hrushow, the Department has not selected contractors for the \$1,053,905 in Professional Services. Ms. Hrushow advises that the contractors for both Phase 1 and Phase 2 will be selected on a request for proposal basis and that the process will be open to any firm which wants to submit a bid. Therefore, Ms. Hrushow states that the possibility exists that firms which currently hold contracts with DPH's Tobacco Free Project may be selected for the proposed new contracts under the subject supplemental appropriation.

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4. As noted above, the requested supplemental appropriation includes 1.6 FTE 2822 Health Educator positions and 0.5 FTE 1426 Senior Clerk Typist position for the proposed project for a period of 17 months. Ms. Hrushow advises that the three new positions would be eliminated after the completion of the project. Therefore, the proposed ordinance should be amended to designate the 2.1 FTE positions as "L," or Limited Tenure positions.

5. Under the proposed project the Police Department would expend \$150,000 to conduct a juvenile tobacco decoy operation to identify merchants who are illegally selling tobacco to minors. As shown on Attachment 5, such enforcement services to be provided by the Police Department are budgeted at overtime and include night differential premiums. Sgt. Frank Palma of the Police Department advises that all Police Department staff are currently assigned to duties on a full time basis. According to Sgt. Palma, because the proposed project requires officers for only 14 hours per week, the Police Department believes that the creation of new positions are not justified and that the redeployment of personnel would impact current services. Therefore, Sgt. Palma advises that existing officers will perform the work on an overtime basis, primarily in the evening.

- Recommendations:**
1. In accordance with Comment No. 3, place \$418,405 for Phase 2 of the total \$1,053,905 in Professional Services on reserve pending the results of Phase 1 of the project, as requested by the Department (File 98-140).
 2. In accordance with Comment No. 4, amend the proposed amendment to the Annual Salary Ordinance (File 98-141) by designating the requested 2.1 FTE new positions as "L" or Limited Tenure positions (File 98-141).
 3. Approval of the proposed ordinances, as amended, is a policy decision for the Board of Supervisors.

WORKPLAN FOR MANGINI SETTLEMENT FUNDED PROGRAM JULY 23, 1998

BACKGROUND INFORMATION ON INTERVENTIONS

The proposed youth tobacco prevention plan for supplemental Mangini funding is based on a comprehensive approach that utilizes media, enforcement of existing laws designed to discourage youth from smoking, and community based interventions. These interventions will complement the interventions currently being utilized by the Health Department's Tobacco Free Project with Proposition 99 Tobacco Tax Funds through State grants.

Although prevention of tobacco among youth is a field of study that is still in the developmental stages, some conclusions and recommendations have been developed by the Centers for Disease Control Office in Smoking and Health, the Surgeon General and the National Center for Substance Abuse Prevention. The consensus is that in order to be effective, prevention campaigns must include the following:

- 1) Youth-oriented mass media and counter-advertising.
- 2) Public policies that reduce youth access that are actively enforced.
- 3) Economic interventions such as increased taxes.
- 4) Restriction of tobacco advertising and promotion
- 5) Multi component school and community based approaches that include addressing social influences.
- 6) Tobacco free environment policies which contribute to social norms such that smoking is not socially acceptable.

The interventions included in the proposed Mangini plan will supplement those already being provided through Proposition 99 tobacco tax funding, such that all six approaches will be utilized, thereby creating a truly comprehensive approach.

Specifically, there is no citywide youth-oriented mass media campaign conducted on a local level. The State Department of Health Services does conduct a statewide media campaign focusing on various themes with youth being only one of many target groups. However, the media campaign has been subject to political interventions and several rounds of media campaigns were delayed for extended periods of time as a result. Media interventions are especially important to youth prevention because the effect of tobacco advertising has been estimated to have twice the impact of peer pressure and parental smoking in influencing smoking initiation. Media messages can provide a mechanism to counter the effects of advertising, especially among youth who are heavily exposed to and greatly interested in the media.

The proposed plan will also fund enforcement of laws that restrict tobacco access to youth and outdoor tobacco advertising. The community interventions component will provide the community based approaches that can address the psychosocial factors that influence smoking initiation, such as social bonding, social support, participation in other health-enhancing behaviors, strengthening self esteem, self efficacy and development of other life skills.

PREVALENCE OF SMOKING:

In 1997, the percentage of high school students who reportedly smoked at least one cigarette in the last 30 days was lower in California (26.6%) than in the rest of the United States (36.4%). Moreover, the prevalence of smoking among San Francisco high school students was even lower (19%) in 1997.

Unfortunately, as with the rest of the nation, California adolescent smoking prevalence rates rose steadily between 1992 and 1995. Recent (1996-1997) California data, collected through phone surveys rather than high school surveys, suggests that the rate is stabilizing. The 1997 State survey showed White youth had the high smoking prevalence, followed by Latino, other, and African American.

The San Francisco Unified School District's data indicate a 9% increase in middle school smoking prevalence rates between 1995 and 1997, but a 5% decrease among high school students. The California Tobacco Survey phone survey data specific to San Francisco is not available for the same time period. Additionally, the San Francisco sample size was too small to come to any reliable conclusions.

Despite limitations of available data, it is possible to make some statements. Teen-age smoking continues to be a problem in San Francisco among both girls and boys. All ethnic groups are in danger, but the group with the highest prevalence among middle school students is Filipino/Asian Pacific Islander (excluding Chinese) followed by Latinos, Whites, African Americans and Chinese. Among high school students, Whites have the highest prevalence followed by Filipinos/Asian Pacific Islander (other than Chinese), Latinos, Chinese, and African Americans. Ethnic specific San Francisco school based data is only available for 1997, thus not allowing for comparisons with previous years. Attachment 2 provides more prevalence data. Additionally, according to state findings, smoking prevalence rates appear to be significantly higher among Latino and Asian youth who speak English as their primary language.

I. MEDIA COMPONENT:

A. Media Campaign Overview:

A major media campaign will be implemented to reach youth through major network and San Francisco cable access TV programs with young audiences 12-17 years of age. Extensive evaluation of the media campaign will be conducted to measure it's impact on

young people. The evaluation component is described under the Evaluation Component section.

The media campaign plan will be implemented by a media contractor selected through the competitive bid process. In addition to developing the media plan and securing a media buy, the media contractor will provide media promotion services to provide visibility and public awareness of the ad campaign. Stories will be pitched to the media to generate public discussion of the ads resulting from the successful settlement. The ads will be presented as a counter strategy to the tobacco industry's \$3 billion advertising and promotion expenditures in California. The media contractor will also generate media visibility for the other components of the program related to community-based interventions and enforcement of laws designed to reduce youth access to tobacco and advertising targeting minors.

The media planning, air time, talent fees and production costs will range from \$567,600 to \$615,000. If it is determined that one or two new TV ads need to be developed, \$150,000 would be budgeted for production costs of the new ads. If it is determined that existing ads are satisfactory, then the cost will be \$567,600.

B. Background On Mass Media Campaigns

Mass media campaigns are an integral and important part of public health prevention programs. The objectives of mass media are to impart knowledge, generate emotion, garner support, stimulate information seeking, and model skills to a specifically defined target audience. The ultimate goal of health communication through mass media is to lead to behavior change.

A thorough understanding of the target audience is essential. Messages that are carefully adapted to the characteristics, vocabulary, needs and perceptions of the target audience are the most persuasive. To achieve this, media campaigns must be based on extensive research to ensure a thorough understanding of the intended audience. There must also be well defined and specific targets. Each target may require different messages. In a city as diverse as San Francisco, a diverse campaign is essential. This is of particular importance when resources are limited. Stretching finite funds to reach as many target audiences as possible is not effective.

Unfortunately, much is still unknown about what constitutes a successful ad campaign. The bulk of current evaluation data is qualitative in nature and cannot be generalized to the population as a whole. There is also very limited data available on which advertising themes work best with youth from different ethnic backgrounds. Several large scale programs have had formal evaluations but some of these had study designs with problematic limitations. Additionally, the tobacco industry's budget for advertisement and promotion is impossible to match with anti-tobacco campaigns. The

tobacco industry is constantly developing new ways to promote their product to offset positive gains from the anti-tobacco campaign.

A review of formative research on the effectiveness of different anti-smoking messages has been conducted. This review information will be utilized in the development of the media campaign.

C. Recommended Media Strategies:

A panel of youth marketing experts and researchers convened by the Office on Smoking or Health, Centers for Disease Control has drafted strategic guidelines for developing successful media campaigns. The panel recommended that multiple media messages and the use of multiple channels to repeatedly and consistently deliver information is essential to a successful media campaign. The diversity of messages and campaigns allows for reaching the diverse population of teens that require different creative approaches. A single message efforts risks rejection by a significant proportion of teens.

The panel also recommended that separate media campaigns be designed to target younger and older teens with different types of messages. They concluded that messages for the younger (11-12 year olds) group should be more literal and specific, including addressing tobacco and its dangers, as well as aspirational messages of lifestyles. Messages for older youth (14-15 year olds) should be more adult and interpretive, according to the panel.

One of the findings of the panel is that youth have a great desire to take control of their own lives and strongly reject attempts by anyone, including the media, to dominate or direct them. To assure that the campaign addresses youth's needs for empowerment and control, the media campaigns will be designed with an advisory committee, including youth members that are representative of the cultural diversity in San Francisco. Additionally, all ads considered for the media campaign will be tested with nine focus groups of youth. Nine different focus groups will be conducted and include Asian, Filipino/Pacific Islander, Latino, White, African American, Native American, and gay/lesbian/bisexual youth, with appropriate accommodations for younger and older youth and for diverse language requirements.

Outlined below are the outcome objective for the media campaign as well as the major proposed activities.

D. Media Campaign Plan:

Objective 1:

A pre and post media campaign telephone survey of 500 randomly selected youth between the ages of 12 and 17 years old will be conducted. Post-test results will

demonstrate a statistically significant increase in intention to quit among smokers and a significant decrease in susceptibility to smoke among non-smokers.

Media Component Activities:

1. Department of Public Health (DPH) will develop and issue RFP for media contractor.
2. DPH will select media contractor, request approval from Health Commission and Board of Supervisors.
3. DPH staff will complete review of relevant research:
 - a) Complete compilation of information from researchers currently conducting focus groups to evaluate existing TV ads targeting youth with anti-tobacco messages developed in California, Arizona, Massachusetts, Florida and Minnesota.
 - b) Obtain results of work conducted by Connie Pechmann at UC Irvine, Professor of Marketing. Pechmann has categorized 194 ads into 8 approaches and tested them with focus groups in terms of acceptability and message conveyed. The next stage of her research will be to look at the ads in terms of how they affect susceptibility to smoke, again using focus groups. The results of the second, more substantive phase of research, will be finished in June 1998. It is assumed that access to the results will be made available for the proposed media campaign prior to publication of funding in a journal.
 - c) Other research findings will be collected from University of North Carolina (22 ads tested for effectiveness of approaches with African American and European American youth); Centers for Disease Control Office on Smoking and Health; Asher Gould (State's media contractor) focus group results on California ads; The Columbia Group focus group results on California ads; The University of Illinois research on effective messages for youth; WHO report on how alcohol is being marketed to youth in the media; Centers for Disease Control media literacy; National Cancer Institute ASSIST Program.
4. DPH staff will form advisory group for the media and community-based intervention components. The advisory group will include representation from ethnic communities including youth, lesbian/gay/bisexual youth, tobacco control professionals, city attorney's office, SF Youth Commission, school district tobacco education or health programs office. DPH staff will staff and coordinate the advisory group.

5. DPH staff will set criteria with advisory group for reviewing ads based on focus group research, other research findings, baseline data, ethnic representation and relevance. The advisory group will also be presented media marketing information for reaching youth by ethnicity, including language needs.
6. Advisory group will review ads against criteria and select a set of ads to be reviewed by focus groups.
7. Evaluation contractor will conduct focus groups to assess messages and acceptability of ads selected by advisory group. Focus groups will be conducted with multiple language capabilities. Advisory committee may find that none of the ads meet criteria or that some ads do meet screening criteria but would need to be supplemented by a new ad or ads in order to achieve cultural diversity.

If the decision is made that available existing ads sufficiently meet all criteria, then no new ads will be developed. In that case:

8. Media contractor will identify talent fees for existing ads. Negotiate media buys to reach all ethnic groups identified (European American, African American, Latino, Asian, Filipino, Pacific Islander, including lesbian/gay/bisexual youth). Obtain ads in appropriate formats for various TV stations and tag ads with smokers helpline number if appropriate.
9. Evaluation contractor will make arrangements with statewide teen smokers helpline to prepare for extra volume of calls.
10. Media contractor will implement TV media campaign for 6-9 weeks, depending on media buy negotiated and budget constraints, such as fluctuation of air time cost throughout the calendar year.
11. Media contractor will provide report on media coverage to the Department of Public Health.

If it is determined that based on the advisory committee's criteria and results of focus groups, that existing ads are not sufficient, then one or two ads will be developed. In that case:

8. Evaluation contractor will conduct focus groups to test out concepts and how to effectively reach the ethnic groups (ethnic specific vs. multi-cultural ads, language needs, etc.)
9. Evaluation contractor together with Media contractor will conduct focus groups to test out drafts of ads (story boards)
10. Media contractor will secure media buy to place ads

11. Media contractor will produce new ad or ads
12. Media contractor will run ads
13. Media contractor will provide report on media coverage

II. EVALUATION COMPONENT:

A comprehensive evaluation of all components of the Mangini Settlement funded program will be conducted. This will include evaluation of: (1) the media campaign designed to discourage youth from smoking; (2) the enforcement of San Francisco ordinances banning tobacco self-service displays and outdoor tobacco advertising, as well as Penal Code 308a, a state law that prohibits tobacco sales to minors; and (3) community-based interventions. A baseline and post phone survey of 500 randomly selected youth will be conducted to evaluate the impact of the media campaign, including smoking related attitudes and behaviors. Nine different focus groups will be conducted to test out existing ads that will be selected by an advisory committee based on specific criteria. The focus groups will include Asian, Filipino/Pacific Islander, Latino, White, African American, Native American, and gay/lesbian/bisexual youth, with appropriate accommodations for younger and older youth and for diverse language requirements. An additional nine focus groups will be conducted if any new ads are developed to test out the new messages. Additionally, evaluation of the media campaign will include examination of data from a statewide teen smokers' help-line during the media campaign to determine whether there was a significant increase in calls from San Francisco youth during the media campaign which will advertise the helpline phone number.

Outlined below are the outcome objectives and major evaluations activities related to the three program components to be implemented by an evaluation contractor.

A. Evaluation of Media Component

Objective 2:

A pre-post media campaign telephone survey of 500 randomly selected youth between the ages of 12 and 17 years old will be conducted. Post-test results will demonstrate a statistically significant increase in intention to quit among smokers and a significant decrease in susceptibility among non-smokers.

Major Activities for Evaluation of Media Component:

1. DPH will develop and issue RFP for evaluation contractor.
2. DPH will select contractor and request approval from Health Commission and

Board of Supervisors.

3. Evaluation contractor will determine what data will be available from smokers' helpline and negotiate access to data as appropriate.
4. Evaluation contractor will design telephone survey instruments and protocols for youth.
5. Evaluation contractor will determine sampling methods for survey.
6. Evaluation contractor will conduct random phone survey of 1,000 12-17 year old youth to create baseline data. In addition to demographic data, language and TV viewing practices will be identified, as well as attitudes and behaviors related to smoking, including susceptibility to smoking.
7. Evaluation contractor will conduct focus groups to assess messages and acceptability of ads selected by advisory committee. Advisory committee may find that some of the ads meet criteria or that some ads do not meet some criteria but would not achieve cultural diversity or contain messages appropriate for certain ethnic groups. Nine different focus groups will be conducted to test out existing ads that will be selected by an advisory committee based on specific criteria. The focus groups will include Asian, Filipino/Pacific Islander, Latino, White, African American, Native American, and gay/lesbian/bisexual youth, with appropriate accommodations for younger and older youth and for diverse language requirements.
8. If existing ads do not adequately meet all criteria, evaluation contractor will conduct an additional nine focus groups as described above to test new messages for new ads.
9. After media TV campaign is aired, evaluation contractor will conduct phone survey of the baseline sample of 1,000 12-17 year old youth to obtain data regarding ad recall, response, attitudes and behaviors, including susceptibility to smoking.
10. Evaluation contractor will obtain teen smokers helpline data for pre and during media campaign.

B. Evaluation of Enforcement Component

Enforcement of self service and outdoor tobacco advertising ordinances (Department of Weights and Measures)

Objective 3:

A tracking system will be developed in collaboration with the Department of Weights and Measures to document the number of complaints received and follow up actions including number of site visits, notices of violations, requirements of correction issues, and number of referrals to the City Attorney.

Evaluation Activities:

Evaluation tasks will include working with Department of Weights and Measures personnel to track activities outlined in the enforcement plan to assure that enforcement data, including outcomes, is collected and reported. Enforcement data will be complemented by the compliance survey data collected by Tobacco Free Project during random compliance checks.

C. Evaluation of Community Based Interventions:

Objective 4:

The objectives and evaluation plan for the community based interventions will be developed with input from the advisory committee and community based agencies funded to provide interventions.

Evaluation Activities:

Evaluation methods used by the Evaluation contractor will include: (1) follow-up; and (2) a control or comparison group. Evaluation tasks will include:

1. Develop a protocol to measure changes in youth's relevant beliefs, attitudes, behaviors, skills and to track their smoking behaviors and susceptibility to smoking.
2. Comprise a control/comparison group of similar youth not receiving the intervention.
3. Administer the protocol at the beginning and end of the intervention to both groups of youth.
4. Determine whether the intervention has been successful.
5. Conduct a 6 month follow-up to determine if youth are still not smoking, changed their susceptibility to smoking and have retained their acquired skills/attitudes/behaviors/beliefs.

III. ENFORCEMENT COMPONENT:

- A. Department of Weights and Measures will enforce the San Francisco ordinances that:
- (1) prohibit self-service tobacco merchandising displays and require vender assisted sales; and
 - (2) prohibit outdoor tobacco advertising displays in publicly visible locations except within 660 feet of highways.

Objective 5:

The compliance rate with the tobacco self service and outdoor advertising ordinance will increase by 50% among those non-compliers identified in a baseline survey. The overall compliance rate for the self service displays will be maintained at 90%. The Tobacco Free Project will conduct random compliance surveys and refer non-compliers for follow up to the Department of Weights and Measures.

1. Activities:

- A. The Department of Weights and Measures will follow up on complaints and referrals about store fronts that publicly advertise brand name cigarettes and billboards located in areas not exempted by the advertising ordinance or preempted by state law. Complaints and referrals may come from the following sources:
1. Complaint hot-line.
 2. Referrals from random compliance surveys conducted by the Tobacco Free Project and other agencies such as the city attorney and SFPD.
 3. Referrals from Weights and Measures device inspectors who will discuss the tobacco ordinance requirements with businesses not in compliance, document the discussion, and refer the matter to the tobacco sign inspector.

B. Conduct Initial Inspections:

Upon receiving complaint or referral, an inspector will make an on-site inspection to document the violation, determine the identity of the responsible person, take photographs, and issue a Notice Requiring Correction (NRC).

C. Non-Compliance:

After 48 hours, the inspector will return to the site for a follow-up visit and will issue a "pass" certificate of inspection. The location will not be revisited except on a complaint or referral basis or annually if the business has a registered commercial device.

If the establishment fails to comply with the Notice Requiring Correction, a Notice of Violation (NOV) will be issued. A follow up visit for the NOV will be conducted after 48 hours. If the establishment is not in compliance, the matter will be referred to the city attorney.

If the establishment complies with the Notice Requiring Correction, but a new violation has occurred (i.e. - a Marlboro sign has been replaced by a Camel sign), then another Notice Requiring Correction will be issued for follow up to be conducted after 48 hours.

If three Notices Requiring Correction are issued within a month to the same establishment, the matter will be referred to the city attorney.

D. Certified Mailing:

If the responsible person is not on the premise at the time of inspection, he/she will be notified by certified mailing after each Notice Requiring Correction or Notice of Violation is issued.

E. Billboards:

There are three primary billboard vendors operating in the city. Weights and Measures will respond to complaints and referrals by sending a certified mailing to the vendors detailing the violation, the location of the billboard, and specifying at least 5 days for correction. The department will return for an inspection after the specified date. If the billboard vendor fails to comply, the department will send a Notice of Violation via certified mailing and refer the matter to the city attorney.

F. Self Service Merchandising:

The Department of Weights and Measures will receive and review complaints and within 30 days of receipt, will serve a Notice Requiring Correction to the business. After a specified time, the department will follow up on the notice. If the business fails to comply, the matter will be referred to the city attorney.

G. Penalties and Investigative Cost Recovery:

For self service merchandise and tobacco sign enforcement, the penalties are paid to the Treasury of the City and County of San Francisco. Also, the city attorney may recover costs in bringing any civil action to enforce the provisions of this section. The department is willing to enter agreements with the city attorney's office to conduct investigations and recover costs after settlement of a civil action.

H. Databases and Reports:

The Department of Weights and Measures will collaborate with the Department of Health to set up a database to track the number of complaints and referrals received, on site inspections, work hours, notices issued, and other data which may help to evaluate the effectiveness of this plan. At least on a quarterly basis, the department will submit a report to the Department of Public Health to assist in its evaluation of the plan.

- I. A media plan to be implemented by media contractor will be developed in collaboration between Weights and Measures and the Tobacco Free Project to educate the public and retailers about the enforcement program.

B. Enforcement Of Illegal Tobacco Sales To Minors By Police Department

Objective 6:

The illegal tobacco sales rate among non-compliers identified by the Tobacco Free Project compliance surveys will be reduced by 50% following Police Department follow up action. The overall illegal tobacco sales rate will decrease from 16% to 10%.

A juvenile tobacco decoy operation will be conducted by the Police Department's Vice Crimes Division, which currently operates a juvenile alcohol decoy program with state grant funds. A tobacco component will be integrated into the Unit's operations.

Activities:

Activities to be implemented by the Police Department will include:

- A. Coordination with the District Attorney regarding immunity for juvenile decoys.
- B. Recruitment of personnel, including officers and youth decoys.
- C. Coordination with the Legal Division regarding parental consent and save harmless agreements.
- D. Training of officers and decoys. Bilingual officers and youth decoys will be recruited for enforcement targeting AAPI and Hispanic/Latino communities.
- E. Coordination with the Department of Public Health on media and public awareness activities.
- F. Conducting of self-initiated tobacco decoy operations.
- G. Conducting tobacco decoy operations in response to referrals from the Department of Public Health following identification of non-compliers during random compliance surveys.
- H. Responding to complaints from members of the public regarding tobacco sales to minors by tobacco decoy operations.
- I. Referring violations to the California Dispute Services for civil hearings.
- J. Record keeping and provision of monthly reports summarizing enforcement activities.

IV. COMMUNITY BASED INTERVENTIONS COMPONENT

The objectives for this component of the program will be developed by DPH staff with advisory group input based on the examination of the latest research findings on tobacco prevention strategies, including research on ethnic and cultural appropriateness. The community based interventions will address some of those factors that appear to protect youth from smoking such as positive self-image and participation in extra curricular activities.

An RFP will be developed with input from the advisory group and issued by DPH staff to assure that interventions are provided to youth that represent the cultural and gender identity diversity of San Francisco. It is anticipated that four or five community based agencies would be funded to assure that Asian, Filipino, Pacific Islander, African American, Latino, and European American youth are all served, including lesbian/gay/bisexual youth.

PHASE I*
PROPOSED PROFESSIONAL SERVICES FOR MANGINI PROJECT

I. Evaluation:

A. Media Campaign	
1. Nine (9) focus groups @ \$2,500 each.	\$22,500
Nine different focus groups will include Asian, Filipino/Asian Pacific Islander, Latino, White, African American, Native American and gay/bisexual youth, with appropriate accommodations for younger and older youth and for diverse language requirements.	
2. Baseline random phone survey of 500 12-17 year olds in SF @ \$125 per survey, requiring 50,000 calls to get 500 completed interviews.	\$62,500
3. Post media campaign follow-up phone survey of same 500 adolescents @ \$81.00 per completed survey.	\$40,500
B. Evaluation of Enforcement Component.	\$7,500
C. Evaluation of Community Intervention Component.	<u>\$25,000</u>
Subtotal	<u>\$158,000</u>

II. Media

A. Talent fees for two or three existing ads. Asians, African Americans, Latinos and Caucasians will all be represented	\$ 20,000
B. Media placement of 2 or 3 TV spots	\$442,500
C. Media contractor's time for plan development and implementation	<u>15,000</u>
Subtotal:	\$477,500
Total:	<u>\$635,500</u>

*The total amount earmarked for professional services is \$1,053,905.
A balance of \$418,405 would be placed on reserve for Phase II.

PHASE II*
PROPOSED PROFESSIONAL SERVICES FOR MANGINI PROJECT
TO BE HELD ON RESERVE

Distribution of Funds to be Approved by Finance Committee

The balance allocated for professional services in the amount of \$418,405 will be distributed according to recommendations made through community consultation and based on focus groups and telephone surveys.

Range

1. Community Based Interventions **\$ 273,405 - 335,805**

Funding for 4-5 community based agencies to reach Asian, Filipino, Pacific Islander, African American, Latino, European American and gay/lesbian youth @ \$64,400 - \$80,000 per contract. **\$ 82,600 - 122,500**

2. Media Component

Additional funds for the media component. If it is determined that new ads need to be developed for the media campaign, then \$122,500 would be allocated for production of one or two new ads. If no new ads are required, savings from media production (\$122,500) and additional focus group savings (\$22,500) would be reallocated for (a) media placement (\$82,600) to assure that optimal frequency and reach are achieved with all target groups; and (b) community based interventions (\$62,400) funded through the competitive process.

3. Evaluation Component **\$ 0 - 22,500**

If it is decided that new ads should be developed, an additional nine different focus groups @\$2,500 each will be required to test out new messages.

They will include Asian, Filipino/Asian Pacific Islander, Latino, White, African American, Native American and gay/bisexual youth, with appropriate accommodations for younger and older youth and for diverse language requirements.

Total available: **\$418,405**

*The total amount earmarked for professional services is \$1,053,905.

**Department of Public Health
Supplemental Appropriation Tobacco Settlement**

BUDGET JUSTIFICATION

PERSONNEL:

1.6 FTE Health Educators for 17 months at step 1 and 0.5 FTE Sr. Clerk Typist:

Under supervision of Tobacco Free Project Director, the full time Health Educator will conduct planning and implementation related to the media, evaluation, enforcement components. Responsibilities will include developing RFPs, contract negotiations, contract monitoring, working with city departments responsible for enforcement and evaluation contractor to develop and implement tracking of funded enforcement activities. The 0.6 FTE Health Educator will work on the community based interventions component, including development of RFPs, contract development and monitoring, and provision of technical assistance and training to contractors. The 0.5 FTE Senior Clerk Typist will provide clerical support for the health education staff and project.

Other Current Expenses Detail

Description

Freight (e.g. express mail, other courier svcs)	\$ 500
Advertising (1)	2,700
Copy Machine @ \$100/mo x 17 months x 1/2 use	850
Printing @ \$50/month x 17 months	850
Subscriptions	300
Other Current Expense (2)	1,735
Other Misc (3)	<u>1,800</u>
Total	\$ 8,735

- (1) Includes \$1,200 for RFP notices @ \$400 each x 3; \$1,500 for recruitment ads @ \$500 each x 3 ads.
- (2) \$800 for refreshments for youth participating in incentive programs and other community anti-tobacco events; \$935 for costs associated with participation in other events for outreach/recruitment/community visibility purposes (booth rentals, registration fees, sponsorship fees).
- (3) Includes purchase of health education materials such as curricula, pamphlets, videos @ \$400; \$800 for office supplies; \$400 for printer toner and \$200 for cartridges.

WORK ORDERS TO OTHER CITY DEPARTMENTS FOR ENFORCEMENT

A. DEPARTMENT OF WEIGHTS AND MEASURES

Work order to the Department of Weights and Measures for enforcement of ordinances prohibiting tobacco self-service displays and outdoor advertising.

<u>Personnel: Salaries and Fringe Benefits @ 22%</u>	<u>Amount</u>
1.0 FTE X 12 months 6220 Inspector	\$52,029
1.0 FTE X 12 months 1426 Senior Clerk Typist	<u>47,158</u>
	\$99,187

Operating Expenses:

Polaroid Camera	\$100
Hotline Telephone	250 (for monthly service fees for 12 months)
Pager	100
Cell Phone	100
Cell Phone service	<u>263</u> (for monthly service fee for 12 months)
	\$813

NOTE: Additional operating expenses in the amount of \$35,237 will be requested from the Board of Supervisors to supplement Mangini funds.

TOTAL: \$100,000

WORK ORDERS TO OTHER CITY DEPARTMENTS FOR ENFORCEMENT

B. POLICE DEPARTMENT

Work order to the Police Department for enforcement of state law prohibiting tobacco and tobacco paraphernalia sales to minors, Penal Code 308a.

Personnel costs

Police Department Hourly Salary Rate: (Includes overtime and night premium). All rates are estimated:

<u>Rank</u>	<u>July 1, 1998</u>	<u>January 1, 1999</u>
Police Officer (Q4 step 5)	\$44.14/hr.	\$44.80/hr.
Sergeant (Q52)	\$51.24/hr.	\$52.00/hr.
Juvenile Decoy	\$6.00/hr.	\$6.00/hr.

Operations from July 1, 1998 to December 31, 1998 (based on a fourteen hour week):

2 - Police Officers	@	\$44.14/hr. =	\$88.28	
1 - Sergeant	@	\$51.24/hr =	51.24	
2 - Decoys	@	\$ 6.00/hr =	<u>12.00</u>	
		\$151.52 x 336 hours	=	\$50,911

Operations from January 1, 1999 to November 30, 1999 (based on a fourteen hour week):

2 - Police Officers	@	\$44.80/hr. =	\$89.60	
1 - Sergeant	@	\$52.00/hr =	52.00	
2 - Decoys	@	\$ 6.00/hr =	<u>12.00</u>	
		\$153.60 x 616 hours	=	\$94,618

Operating expenses:

Equipment: Computer including associated hardware and software \$ 4,471

TOTAL: \$150,000

Item 6 – File 98-1482

Department: Sheriff's Department
Controller

Item: Ordinance appropriating \$240,272 of Public Protection Revenue Special Fund for the purchase of computer hardware and software and a fax machine, for FY 1998-99.

Amount: \$240,272

Source of Funds: Public Protection Revenue Special Fund. Section 26731 of the Government Code requires that \$3.00 of each fee, as specified in Section 26731, collected by the Sheriff's Civil Division shall be deposited into a special fund in the county treasury. According to Sergeant Edwin James of the Sheriff's Department, these funds may be used for equipment purchases for the Sheriff's Civil Division and also for equipment purchases for the Sheriff's Central Warrants Bureau, which also processes civil abstracts and warrants.

Description: The proposed ordinance would appropriate \$240,272 in Public Protection Revenue Special funds to the Sheriff's Department. According to Chief Jan Dempsey of the Sheriff's Department, the funds would be used to (a) upgrade computer hardware and software used by the Civil Division of the Sheriff's Department, costing \$210,028; (b) purchase computer hardware and software for the Sheriff's Central Warrants Bureau costing \$25,894; and (c) purchase a fax machine for the Sheriff's Central Warrants Bureau, costing \$4,350.

Pursuant to the California Civil Code of Procedures, the Sheriff is charged with the responsibility of collecting fees, maintaining records, disbursing payments and enforcing court orders. The Civil Division of the Sheriff's Department collects and disburses over \$7.5 million annually and collects approximately \$600,000 in fees for deposit into the General Fund. According to Chief Dempsey, the current computer system used by the Civil Division is not year 2000 compliant and personnel in the

BOARD OF SUPERVISORS
BUDGET ANALYST

Civil Division of the Sheriff's Department currently have to manually track cases that span beyond the year 2000 as the current computer system is not capable of such tracking. Chief Dempsey advises that the current computer hardware used by the Civil Division is old and in need of replacement. Chief Dempsey states that the Sheriff's Department has difficulty finding repair companies given the age of the hardware. Funds are requested to upgrade this computer hardware and software, costing \$210,028.

The Sheriff's Department also requests that funds be appropriated for the purchase of computer hardware and software, costing \$25,894 for the Department's Central Warrants Bureau (CWB). The Sheriff's Department CWB is responsible for running computer checks on every individual who is arrested in San Francisco to determine if there are any outstanding warrants for these individuals. According to Chief Dempsey, the current computer system being used by the Sheriff's CWB was previously used by the Police Department and is antiquated and frequently in a state of disrepair. Repairing the equipment is costly because parts are not readily available. Chief Dempsey also states that the current computer system used by the Sheriff's CWB is not compatible with the Sheriff's other internal computer systems.

Funds are also requested for the purchase of a high resolution fax machine for the Sheriff's CWB costing \$4,350. The fax machine would be capable of transmitting and receiving color photographs and fingerprints suitable for confirmation of identification. Chief Dempsey states that this type of fax is required for the Sheriff's CWB in order to meet its legal obligation to confirm, in a timely manner, evidence of identification to prevent false arrest. Prior to June 1997, the Central Warrants Bureau was under the jurisdiction of the Police Department and had the use of the necessary fax machine. Since June 1997, when the CWB was transferred from the Police Department to the Sheriff's Department, the Sheriff's Department has not had access to the necessary fax machine and has been unable to fulfill its legal obligation to confirm evidence of identification in a timely manner.

BOARD OF SUPERVISORS
BUDGET ANALYST

According to Chief Dempsey, the CWB is currently using a fax machine that does not provide clear identification to meet the legal evidentiary requirements and as such the CWB has had to rely on the Police Department to confirm identification.

Budget:

Attachment 1 provided by Sergeant Edwin James of the Sheriff's Department, contains a budget for the computer equipment and fax machine, together with an explanation for each item.

Comment:

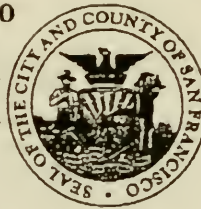
Ms. Gwen Gee of the Committee on Information Technology (COIT), advises that, the computer equipment related to the \$235,922 portion (\$240,272 less \$4,350 for the fax machine) of this request has not yet been approved by COIT. Ms. Gee advises that such approval is required prior to the appropriation of funds for the proposed procurement of the computer equipment by the Sheriff's Department. The Department of Telecommunications and Information Services (DTIS) supports the procurement of the proposed computer equipment (see Attachment 2), however COIT staff approval is also required. As such, the ordinance should be amended to reserve the \$235,922 pending COIT approval.

Recommendations:

1. In accordance with the above comment, amend the proposed supplemental appropriation ordinance to reserve \$235,922 of the requested \$240,272, pending COIT approval.
2. Approve the proposed ordinance, as amended.

City and County of San Francisco

OFFICE OF THE SHERIFF



Michael Hennessey
SHERIFF

(415) 554-7225

September 16, 1998

Ref.: FS/1 98-152

Justine Nolan
Budget Analyst Office
1390 Market Street
San Francisco, CA 94102

Dear Ms. Nolan,

In response to your questions concerning the Public Protection Revenue Special Fund;

The Sheriff's Department requests the appropriation of \$240,272 from the Sheriff's Public Protection Revenue Special Fund for costs associated with the purchase of new hardware, software and a fax machine as detailed below:

Civil Division:

20 Computers and 6 Printers	\$75,000
Civil Automation Software (Year 2000 Compliant)	\$70,228
2 System Server Units	\$44,800
Installation of hard wiring for Local Area Network	<u>\$20,000</u>

\$210,028

This system is to replace an antiquated system that is continuously experiencing problems because the technology is old and terminals cannot be repaired. The Sheriff's Department Civil Division is responsible for collecting fees, maintaining records, disbursing payments and enforcing court orders. It is imperative for the Sheriff's Department to have a system that is year 2000 compliant and able to handle the daily civil process data without breaking down continuously which could cause serious delays resulting in possible legal action.

Central Warrants Bureau (CWB) Division:

10 Computers and 5 Printers	\$20,015
Associated Software and Related Items	<u>\$5,879</u>
	\$25,894

CWB processes civil and criminal abstracts and warrants 24 hours a day for the City and County of San Francisco. This documentation is vital to verify lawful arrests and detentions that occur several thousand times a day by law enforcement personnel throughout the United States and International jurisdictions. The current system at CWB is also antiquated and will not have full function capabilities to interface with a new system that State of California is implementing at the beginning of the new year.

1 Nefax 791 Fax Machine	\$4,350
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Currently, CWB personnel have to request data be forwarded to a Police Department fax machine (the same we are requesting) to obtain the quality needed to identify fingerprints and photographs for verification purposes. This results in time being spent in personnel leaving their unit to go to another department to retrieve information. As stated previously, this information is being faxed on a 24 hour basis as arrests and booking of individuals are constantly taking place.

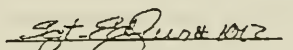
Total Requested	\$240,272
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Mr. Rod Loucks, Deputy Director for Application Development, is in the process of forwarding over a letter supporting the need for the Sheriff's Department to obtain this system.

The name of the account for this supplemental appropriation is the Public Protection Special Revenue Fund. There have been projects attached to this particular account that had different names in previous years. However, it is all under the Public Protection Special Revenue Fund even though it has been referred as the Sheriff's Civil Equipment Fund.

Thank you for your assistance and please call if questions arise.

Sincerely,


EDWIN JAMES, SERGEANT
Financial Services Manager



Department of Telecommunications and Information Services
City and County of San Francisco

Attachment 2

September 16, 1998

Justine Nolan
Harvey Rose Office
San Francisco Board of Supervisors
1390 Market Street, Room 1025
San Francisco, CA 94102

Dear Ms. Nolan,


For the past 14 years, DTIS has been supporting the Sheriff's Civil Division by implementing and supporting a civil accounting system for them, the system runs on our IBM mainframe at One Market Plaza Data Center.

A few years ago we became aware that the system is not year 2000 compliant, and we determined that the cost of making it compliant would be prohibitive. As a result, my staff has been working closely with the Sheriff Office in researching and identifying alternative systems. Recently a decision was made by the Sheriff to migrate to one of the systems we helped identify. The system they choose requires a local area network (LAN).

DTIS fully supports the Sheriff's request for funds for the software and hardware to replace the current system with the new system. We will continue to work closely with the Sheriff's office to migrate, convert and assist in the implementation of the new system. Implementation of this new system is time critical because we expect that by the end of this calendar year the current civil accounting system will fail due to year 2000 deficiencies.

If I can provide any additional information, please feel free to call me at 554-0893.

Sincerely,


Rod Loucks, Deputy Director
for Application Development

cc: Ron Hass, Pedro Martinez, Julia Friedlander, Sgt. James

415-554-0800

875 Stevenson Street . Fifth Floor . San Francisco . CA 94103-0948

Fax 415-554-4733

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4155544733

95%

P.02

TOTAL P.04

Item 7 - File 98-1483

Department: Department of Public Works (DPW)

Item: Ordinance appropriating \$2,887,609 of Realty Trust Funds to reimburse the San Francisco County Transportation Authority for funds used to purchase the Rincon Park portion of the Marine Terminals Corporation parcel, and for the construction of the Mid-Embarcadero Surface Roadway and the Mid-Embarcadero Surface Street Improvement projects for FY 1998-99.

Amount: \$2,887,609

Source of Funds: Realty Trust Funds (From the sale of Lot 33, Assessor's Block 3741 sold by the City to the San Francisco Redevelopment Agency for \$4,000,000)

Description: The proposed supplemental appropriation for \$2,887,609 would repay a \$2,137,702 loan made by the San Francisco County Transportation Authority to the City. The loan proceeds were used by the City to purchase land for Rincon Park. This supplemental appropriation ordinance would also fund \$749,907 to pay for various surface street improvements that are associated with the Mid-Embarcadero Roadway Project.

In 1990, the Board of Supervisors approved a resolution endorsing the demolition of the Embarcadero Freeway, due to the severe damage caused by the 1989 Loma Prieta earthquake. Subsequently, in 1991, Senate Bill (SB) 181 was approved by the California Legislature, which transferred the right-of-way and maintenance requirements of the Embarcadero Freeway from Caltrans to the City and County of San Francisco. SB 181 also required that San Francisco use the right-of-way property or the proceeds from the sale of the right-of-way property to construct a system of local streets and related amenities as an alternative to the elevated Embarcadero Freeway. The right-of-way parcels from the Embarcadero Freeway included Lot 33, Assessor Block 3741, located between Steuart

BOARD OF SUPERVISORS
BUDGET ANALYST

and Folsom Streets, adjacent to the Embarcadero. In 1997, the City sold this parcel to the San Francisco Redevelopment Agency for \$4,000,000.

In August of 1992, the City purchased property located at 261-289 Steuart Street at a cost of \$7,285,678 from the Marine Terminals Corporation for the Mid-Embarcadero Roadway Project, the MUNI Metro Extension Project, the MUNI Metro Turnback Project and the creation of Rincon Park. In order to complete this purchase, the Transportation Authority loaned \$4,558,200 to DPW to assist in funding (1) the Embarcadero Roadway Project, which was allocated \$2,420,498 of the loan amount, and (2) to pay \$2,137,702 of the total acquisition cost of \$3,314,983 to purchase the land for Rincon Park, which is within the geographical boundaries of the Mid-Embarcadero Roadway Project. In return, DPW agreed to reimburse the Transportation Authority with any funds which the City might receive from Federal, State or local sources, if such monies were eligible to be used for funding the Embarcadero Roadway Project.

Of the total \$4,558,200 loaned by the Transportation Authority to DPW, to date, DPW has reimbursed the Transportation Authority \$1,758,515 in Federal Highway Administration (FHWA) funds for the Embarcadero Roadway portion of the acquisition cost. This requested supplemental appropriation will reimburse the Transportation Authority an additional \$2,137,702. As reflected in Attachment 1, the remaining \$661,983 is being funded through the Transportation Authority's ½ cent Sales Tax revenues.

Since Rincon Park, which is located on the Embarcadero at Folsom Street, is within the Mid-Embarcadero Roadway Project's boundaries, DPW has determined that the Rincon Park acquisition costs are eligible to be financed with SB 181 funding. As described above, SB 181 requires that the proceeds from the sale of right-of-way property (i.e., Lot 33, Assessor Block 3741) be used only for Embarcadero Roadway related projects. Therefore,

BOARD OF SUPERVISORS
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DPW is requesting, under this proposed legislation, to repay the Transportation Authority \$2,137,702 for the Rincon Park advance from a portion of the \$4,000,000 in proceeds received from the Redevelopment Agency from the sale of Lot 33, Assessor Block 3741.

In addition, in 1996, the Board of Supervisors approved (1) the Mid-Embarcadero Surface Roadway Project, (2) the Mid-Embarcadero Surface Street Improvement Project and (3) the Fremont and Fourth Street Ramp Modification Project, as the alternate system of local streets to replace the Embarcadero Freeway. These three projects are being designed and constructed separately. The proposed supplemental appropriation addresses the second project, the Surface Street Improvement projects, by funding \$749,907 of this subject request of \$2,887,609 for surface street improvements associated with the Mid-Embarcadero Roadway Project. The status of the other two projects are discussed below in Comment 4.

The design of the Mid-Embarcadero Surface Street Improvement Project is currently proceeding and DPW anticipates beginning construction of the Project in early 1999. This project includes roadway reconstruction, new signalized intersections and other traffic improvements in the downtown area. As shown in Attachment 2, the estimated total cost of the Mid-Embarcadero Surface Street Improvement Project is \$11,089,731. This includes \$8,859,525 of Federal funds and \$1,480,299 of State funds, leaving a shortfall of \$749,907, which, together with the requested \$2,137,702, is the subject of this request. Attachment 2, provided by DPW identifies the budget breakdown, including the funding sources for the \$11,089,731 total cost for the Mid-Embarcadero Surface Street Improvement Project.

Budget:	Repayment of Loan to Transportation Authority	\$2,137,702
	Mid-Embarcadero Surface Street Project	<u>749,907</u>
	Total	\$2,887,609

BOARD OF SUPERVISORS
BUDGET ANALYST

Comments:

1. According to Ms. Tina Olson of DPW, the Transportation Authority loaned \$4,558,200 to DPW for the Embarcadero Roadway Project and the purchase of Rincon Park because DPW did not have these funds available at the time.

2. Lot 33, Assessor's Block 3741, which the City sold to the San Francisco Redevelopment Agency for \$4,000,000, was part of a larger piece of property purchased by the Redevelopment Agency for the Gap Inc. to develop the Gap Inc. headquarters office building. Of the total \$4,000,000 received by the City, \$23,252 was for escrow costs, leaving a remaining balance of \$3,976,748. According to DPW, the proposed supplemental appropriation will authorize (a) \$2,137,702 of these funds to repay the loan made by the Transportation Authority and (b) \$749,907 to cover the remaining costs for the Mid-Embarcadero Surface Street Improvements leaving a remaining balance of \$1,089,139 from the \$4,000,000 sale. According to Ms. Olson, the remaining balance of \$1,089,139 would be the subject of a future supplemental appropriation request, after the completion of the sale of other SB 181 Embarcadero Freeway land parcels and after DPW determines the remaining funding requirements for the Mid-Embarcadero Roadway Project.

3. According to Mr. David Madway of the Redevelopment Agency, as of September 3, 1998, the Gap Inc. purchased Lot 33, Assessor's Block 3741 from the Redevelopment Agency to build its headquarters office building. Mr. Madway reports that in addition to the \$4,000,000 purchase price for the land, the Gap Inc. paid the Redevelopment Agency \$4,212,000 for an Affordable Housing component, based on 520,000 square feet of office space at \$8.10 per square foot. According to Mr. Madway, the Gap Inc. started construction of the office building last week, and it is anticipated that the building would be completed by the Spring of 2001.

Furthermore, as part of an agreement between the Gap Inc., the Redevelopment Agency and the City,

BOARD OF SUPERVISORS
BUDGET ANALYST

the City agreed to purchase the land for Rincon Park, and the Gap Inc. agreed to fund the construction and maintenance for ten years of the park. Mr. Madway reports that the construction of Rincon Park is estimated to cost \$2,000,000 and the maintenance is estimated at an annual cost of \$100,000 for a total maintenance cost of approximately \$1,000,000 over ten years. After the ten year period, Mr. Madway indicates that the Redevelopment Agency will be responsible for funding the ongoing maintenance of the park, from the additional tax increment funds generated by the Gap Inc. office building. According to Mr. Madway, the Gap Inc. office building is estimated to generate approximately an additional \$2,000,000 annually in tax increment funding for the Redevelopment Agency.

4. The other two projects, which are not part of this supplemental appropriation ordinance, which were recommended by the Board of Supervisors as the alternate system of local streets to replace the Embarcadero Freeway that was damaged in the Loma Prieta earthquake include (1) the Mid-Embarcadero Surface Roadway Project and (2) the Fremont and Fourth Street Ramp Modification Project. The construction of the Mid-Embarcadero Surface Roadway Project began in July of 1998. This project is fully funded with Federal Emergency Relief funds, State Flexible Congestion Relief funds and local ½ Sales Tax funds from the Transportation Authority at a total estimated project cost of approximately \$70 million. The Fremont and Fourth Street Ramp Modification Project will be designed and constructed by Caltrans using Federal Emergency Relief funds and other State funds at a total estimated project cost of approximately \$20 million.

5. According to Ms. Olson, if the proposed supplemental appropriation ordinance for \$2,887,609 is not approved, the repayment of the \$2,137,702 loan to the Transportation Authority and the \$749,907 cost to pay for various surface street improvements for the Mid-Embarcadero Roadway Project would have to come from DPW's allocation of

the ½ cent Sales Tax revenues. Alternatively, such ½ cent Sales Tax revenues may be used by DPW in future years for other capital, operating or maintenance expenditures. Since the proposed \$4 million Embarcadero Roadway right-of-way sale proceeds revenues, which are the source of the proposed supplemental appropriation, are limited by the terms of SB 181 to be used exclusively for construction of local streets and related amenities (such as Rincon Park, which is located within the geographical boundaries of the Mid-Embarcadero Roadway Project) which provide an alternative to the Embarcadero Freeway, the approval of the proposed use of these funds for such purposes seems reasonable.

Recommendation: Approve the proposed ordinance.

Summary of \$4,558,200 1/2 Cent Sales Tax Allocation for MTC Property Acquisition

Funding Source	Amount
FHWA Reimbursed (Roadway Portion)	\$1,758,515
Rincon Park Advance (to be reimbursed with this supplemental)	2,137,702
1/2 Cent Sales Tax (Roadway Portion - no reimbursement required)	661,983
	<u>\$4,558,200</u>

Mid-Embarcadero Surface Street Improvements Funding Summary:

Funding Source	Amount
Federal Emergency Relief	\$8,859,525
State Flexible Congestion Relief	1,480,299
Local (This Supplemental Appropriation Request)	749,907
Total Funding Sources	\$11,089,731

Mid-Embarcadero Surface Street Improvements Budget Summary:

Attachment 2
Page 2 of 2

Phase	Amount
Right of Way	\$625,000
Design	767,248
Construction Contract	7,758,000
Construction Contingency @ 10%	775,800
Construction Management	1,163,683
TOTAL COST	\$11,089,731

Detailed Budget for Design Phase:

DESIGN SECTION	CLASSIFICATION:	Hourly Rate	Tot. Hrs	No. of People	Total Amount
Streets and Highways:	5202- Junior Civil Engr:	\$54.32	528	2	\$57,367
	5204- Asst Civil Engr:	61.05	528	3	96,700
	5206- Assoc Civil Engr:	72.43	528	1	38,245
	5366- Engineering Assoc II:	61.67	528	1	32,562
Landscape Architecture:	5272- Asst Landscape Arch:	72.43	528	1	38,245
	5274- Landscape Architect:	83.87	528	1	44,286
	5366- Engineering Assoc II:	61.67	528	1	32,562
Hydraulics Section:	5204- Asst Civil Engr:	61.05	528	1	32,233
	5366- Engineering Assoc II:	61.67	528	1	32,562
Mechanical Section:	5254- Assoc Mech Engr:	72.43	528	1	38,245
	5366- Engineering Assoc II:	61.67	528	1	32,562
Electrical Section:	5238- Assoc Electrical Engr:	72.43	528	1	38,245
	5366- Engineering Assoc II:	61.67	528	1	32,562
Structural Section:	5206- Assoc Civil Engr:	72.43	528	1	38,245
	5366 - Engineering Assoc II:	61.67	528	1	32,562
Site Assess / Remediation:	1366 - Special Asst VII:	51.36	528	1	27,117
Specifications:	A919 - Contract Specialist II:	88.65	80	1	7,092
Project Management:	5504 - Project Manager II:	89.98	528	1	47,507
Surveyors:	5314 - Survey Party Chief:	65.06	528	1	34,352
	5312 - Surveyor:	56.47	528	1	29,817
City Attorney:		104.59	40	1	4,184
	TOTAL:				\$767,248

Detailed Budget for Construction Management Phase:

SECTION	CLASSIFICATION:	Hourly Rate	Tot. Hrs	No. of People	Total Amount
Construction Management	6318- Constr. Inspector	\$68.31	1056	4	\$288,535
	5210 - Sr. Civil Engr	97.07	880	1	85,419
	5206 - Assoc Civil Engr:	72.43	880	1	63,741
	5366 - Engineering Assoc II:	61.67	704	2	86,831
Streets and Highways:	5208 - Civil Engr:	83.87	880	1	73,809
	5206 - Assoc. Civil Engr:	72.43	704	1	50,993
	5204 - Asst Civil Engr:	61.05	704	1	42,978
Landscape Architecture	5272 - Asst Landscape Arch:	72.43	704	1	50,993
	5274 - Landscape Arch:	83.87	704	1	59,047
Hydraulics Section:	5204 - Asst Civil Engr:	61.05	700	1	42,734
Mechanical Section:	5254 - Assoc Mech Engr:	72.43	704	1	50,993
Electrical Section:	5366 - Engineering Assoc II:	61.67	704	1	43,416
	5238 - Assoc Electrical Engr:	72.43	704	1	50,993
Structural Section:	5206 - Assoc Civil Engr:	72.43	352	1	25,496
Site Assess / Remediation:	1366 - Special Asst VII:	51.36	528	1	27,117
Project Management:	5504 - Project Manager II:	89.98	1056	1	95,015
Surveyors:	5314 - Survey Party Chief:	65.06	176	1	11,451
	5312 - Surveyor:	56.47	176	1	9,939
City Attorney:		104.59	40	1	4,184
	TOTAL:				\$1,163,683

Note: Hourly rates include: MFB @ 20.21%; Paid Time Off @ 22.73%; and Overhead @ 74.4%

Item 8 - File 98-1423

Department: Airport Commission

Item: Resolution approving a new lease between the U. S. Federal Aviation Administration (FAA) and the City and County of San Francisco, acting by and through the Airport Commission, to authorize the FAA to install, operate, and maintain four Low Level Windshear Alert Systems.

Purpose of Lease: This lease provides the FAA with approximately 1,600 square feet of space for the installation, operation, and maintenance of four Low Level Windshear Alert Systems at locations at the Airport identified on the attached map as Site Nos. 1, 7, 9, and 10. The purpose of these systems is to assist in ensuring the safety of aircraft movements at San Francisco International Airport.

Lessor: City and County of San Francisco

Lessee: Federal Aviation Administration

**Amount Payable by
FAA To Airport:** No charge to the FAA. In return, the FAA installs, operates, and maintains the four Low Level Windshear Alert Systems on Airport property at no cost to the Airport.

Term of Lease: 15 years and three months, from July 1, 1998 to September 30, 2013, renewable annually at the option of the FAA.

Description: The proposed resolution would approve a new lease between the Airport and the FAA in order for the FAA to install, operate, and maintain Low Level Windshear Alert Systems at four new sites at the Airport. According to Mr. Martin Slater of the Airport, the installation of these four Low Level Windshear Alert Systems would increase to nine the total number of such sites in and around the Airport. Specifically, Site Nos. 2, 3, and 6 are located on Airport property; Site No. 4 is located in Burlingame; and Site No. 5 is located in Millbrae. The Airport has separate leases

BOARD OF SUPERVISORS
BUDGET ANALYST

with the FAA for the three Low Level Windshear Alert Systems located on Airport property. According to Ms. Gretchen Nicholson of the City Attorney's Office, the leases for the two existing Systems located off Airport property were not subject to approval by the Airport or the Board of Supervisors because the FAA negotiated the leases directly with the other jurisdictions. Similarly, according to Mr. Slater, a lease for a Low Level Windshear Alert System to be located at Site No. 8, which is proposed for Burlingame but has not yet been installed, is not subject to approval by the Airport or the Board of Supervisors.

According to Mr. Slater, the Low Level Windshear Alert Systems are used to detect the low level windshear, or "downdrafts," that can adversely affect airplane takeoffs and landings during storms. According to Mr. Slater, each Low Level Windshear Alert System is mounted on a pole, which is anchored in a 20' x 20', or 400 square foot, concrete pad. The four Low Level Windshear Alert Systems included in the proposed lease therefore occupy 1,600 square feet of Airport property.

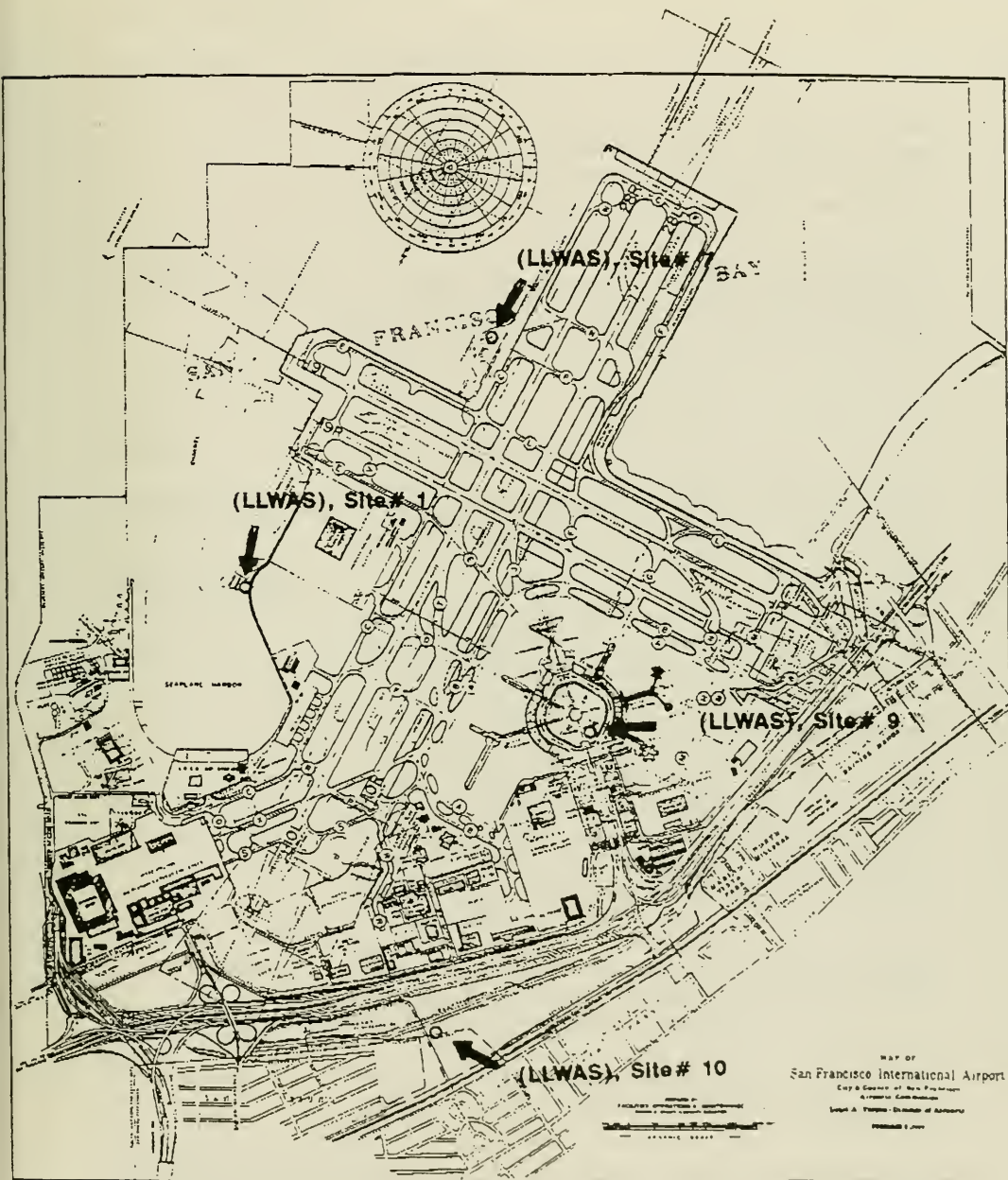
Comments:

1. The Airport Commission approved a resolution on July 14, 1998 stating that the installation, operation, and maintenance of the Low Level Windshear Alert Systems are necessary to ensure the safety of aircraft movements at the Airport. Prior to development of these systems in the 1970's, according to Mr. Slater, there was no practical way of detecting downdrafts to provide advance warnings to FAA control tower personnel and pilots.

2. The proposed lease would be retroactive to July 1, 1998, and therefore the proposed resolution should be amended to provide for retroactive authorization.

Recommendation:

Amend the proposed resolution to provide for retroactivity, and approve the proposed resolution as amended.

Attachment

Item 9 - File 98-1456

Department: Airport Commission

Item: Resolution approving a new "North Terminal Concession Opportunity Lease" between Host International, Inc. (Host) and the City and County of San Francisco, acting by and through the Airport Commission.

Purpose of Lease: This new lease provides for Host's management of eight concession businesses in the Airport's North Terminal.

Lessor: City and County of San Francisco

Lessee: Host International, Inc.

Number of Sq. Ft.: Approximately 5,804 square feet in six retail spaces operated by eight concessionaires.

Amount Payable to Airport: The proposed lease would require Host to pay the Airport the greater of a minimum annual guarantee of \$1,200,000 for the first year of the lease term or a percentage of gross revenues realized by Host. According to the lease, the annual percentage of gross revenues is 12% for the first \$1,000,000, 14% between 1,000,001 and \$1,500,000, and 16% for all gross revenues in excess of \$1,500,000. The lease also provides for annual increases in the Minimum Annual Guarantee based on increases in the Department Store Inventory Price Index-Soft Goods¹ for the remaining four years of the lease term.

Term of Lease: Five years, estimated to begin on December 9, 1998, upon completion of the required renovation work by Host and to end on December 8, 2003.

Description: The proposed resolution would approve a new lease of the North Terminal Concessions at the San Francisco

¹ According to Ms. Judy Tabimina of the Airport, soft goods are defined as retail goods such as toys, sunglasses, and books. The Airport has determined that this price index is the most appropriate one to apply to leases for Airport concessions.

International Airport, entitled "North Terminal Concession Opportunity² Lease" between Host and the City. Under the proposed lease, the eight concessions would occupy a total of 5,804 square feet. Host would directly operate four of the eight concessions totaling 2,523 square feet, or approximately 43 percent of the total square footage. Host would also have two sub-lessees, including SunShade Holding Corporation (SunShade), a Minority-owned Business Enterprise (MBE), which would operate two concessions totaling 587 square feet, and CalStar Retail, Inc. (CalStar, formerly Del Duca Enterprises, Inc., the prior lessee), a Women-owned Business Enterprise (WBE), which would operate two concessions totaling 2,694 square feet. The 3,281 square feet sub-leased by the MBE and WBE constitute approximately 57 percent of the total square footage

The following table identifies the six retail spaces, the name of each concession business, the operator of each business, the types of goods sold by each business, and the square footage (SF) occupied by each business.

<u>Space</u>	<u>Name</u>	<u>Operator</u>	<u>Goods Sold</u>	<u>SF</u>
A	Awesome Atom's	CalStar	Educational Toys	1,692
B	SF News Exchange	Host	News, Retail Goods	312
C	SF News Exchange	Host	News, Retail Goods	311
D	Watch Zone	SunShade	Watches	337
E	Sun Shade Optique	SunShade	Sunglasses	250
F	Vroom-Toys that Travel	CalStar	Toys	1,002
F	Wilson's	Host	Leather Goods	898
F	Simply Books	Host	Books	<u>1,002</u>
Total				5,804

Prior to commencement of the proposed lease, Host is required to invest a minimum of \$150 per square foot to renovate the 5,804 square feet of space covered by the lease, or a minimum investment of \$870,600. The space consists of 2,652 square feet included in the prior lease with CalStar³ and 3,152 square feet to be

² According to Ms. Tabimina, the Airport's concession leases typically include the word 'Opportunity' to indicate the concessionaire's opportunity to conduct business at the Airport.

³ Del Duca's lease was for a total of 3,201 square feet. According to Ms. Tabimina, 549 square feet included in that lease have been leased separately to another lessor. The remaining 2,652 square feet are included in the proposed lease to Host.

included for the first time in the proposed lease to Host.⁴ According to Ms. Judy Tabimina of the Airport, Host began the renovation work on September 9, 1998. Attachment I provided by the Airport is a memorandum explaining why the Airport initiated this work prior to obtaining approval of the proposed lease by the Board of Supervisors.

According to Mr. Bob Rhoades of the Airport, Host and its sub-lessees have proposed new retail "concepts" for the proposed lease. Therefore, according to Mr. Rhoades, the Airport has not forecast future revenues to the Airport based on the percentages of gross rent. As shown in Attachment II provided by Mr. Rhoades, the total estimated revenue of \$6,121,206 to be paid by Host to the City over the five-year term of the lease is therefore based on the first-year Minimum Annual Guarantee of \$1,200,000 and projected annual increases of an estimated 1.0 percent over this first-year figure for the five-year term of the proposed lease. According to Mr. Rhoades, the 1.0 percent figure approximates the annual increases in the Department Store Inventory Price Index-Soft Goods during the five-year term of the prior lease with Del Duca. The \$6,121,206 estimated to be paid by Host is \$272,517 more than the \$5,848,689 paid by Del Duca (now CalStar) over the past five years, as shown in Attachment II.

Comments:

1. The Airport Commission adopted Resolution No. 98-0150 on June 23, 1998, recommending the award of the lease to the proposed lessee, Host International, Inc., based on a competitive bidding process. The award was based on the highest Minimum Annual Guarantee bid amount. According to Ms. Tabimina, the Minimum Annual Guarantee bid for the proposed lease was set at \$800,000 per year based on a study commissioned by the Airport. The Minimum Annual Guarantee for the period from May 15, 1997 to May 14, 1998, or the final year of the prior lease term with CalStar, was \$1,178,640 (on a \$98,220 monthly basis), or \$21,360 less than the proposed Minimum Annual

⁴ The 3,152 square feet were previously used for United Airlines' frequent flyer lounge, the 1K Club, according to Ms. Tabimina.

Guarantee of \$1,200,000. As shown in Attachment III provided by the Airport, two proposals for this lease were received by the Airport, one from Host and the other from Brookstone, Inc. As explained in Attachment III, the Airport found "that the Brookstone proposal was unacceptable."

3. The prior lease with CalStar expired on May 14, 1998. However, according to Ms. Tabimina, the Airport extended CalStar's lease through September 8, 1998, for the same monthly Minimum Annual Guarantee payment of \$98,220 required during the final year of CalStar's lease term.

4. The proposed lease provides that Host will either (a) obtain a surety bond in an amount equal to one-half of the minimum annual guarantee payment of \$1,200,000, or \$600,000, which would be payable to the Airport in the event of non-payment of rent or non-monetary default under the terms of the proposed lease, or (b) deposit with the Airport an Irrevocable Letter of Credit, Certificate of Deposit, Certified Check, Money Order, or Cashier's Check equal to an amount of one-half of the minimum annual guarantee payment of \$1,200,000, or \$600,000, as security for faithful performance of the lease terms by Host.

5. As noted above, according to Mr. Rhoades, Host began the renovation work required under the proposed lease on September 9, 1998. As previously noted, Attachment I provided by the Airport is a memorandum explaining why the Airport initiated this work prior to obtaining approval of the proposed lease by the Board of Supervisors.

Recommendation: Approval of the proposed resolution is a policy matter for the Board of Supervisors since the Airport authorized Host to begin the renovation work under the proposed lease prior to obtaining approval of the lease by the Board of Supervisors.

**Airport
Commission**
City and County
of San Francisco
Willie L. Brown, Jr.
Mayor

Henry E. Berman
President
Roland A. Ouan
Vice President
Michael S. Strunsky
Larry Mazzola
Linda S. Crayton

JOHN L. MARTIN
Airport Director



VIA FACSIMILE
(415) 252-0461

September 17, 1998

Mr. Nick Levinson
Budget Analyst
Board of Supervisors
War Memorial Building
401 Van Ness Avenue, Room 308
San Francisco, CA 94102

Subject: Host International, Inc.
North Terminal Concession Opportunity Lease

Dear Nick:

Host International, Inc. was awarded the North Terminal Concession Opportunity Lease by Airport Commission Resolution No. 98-0150, adopted June 23, 1998.

In cases such as this, due to the tight construction schedule and to ensure that facilities are operational in time for the holidays, we permit tenants to commence demolition before all of the requisite approvals are obtained which, in most cases, are routine. As a matter of practice, demolition always takes place as soon as the previous lease expires.

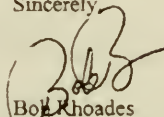
As you requested, enclosed please find the following information that you requested from Ms. Judy Tabimina of the Concession Development and Management Department:

- Copy of HRC's provisional approval.
- The Minimum Annual Guarantee of \$1.2 million is the key figure in this case. Since new concepts are being tried, we have not forecasted future revenues that would be tied to the percentage rent.
- In FY 97/98, CalStar Retail, Inc. grossed \$7,215,178 in revenues.
- Copy of the Consumer Price Index.

Mr Nick Levinson
September 17, 1998
Page 2

Please fax your draft report (fax no. (650) 794-4005) for my review. Should you have further questions, please call me at (650) 794-5036.

Sincerely,



Bob Rhoades
Deputy Airport Director
Business and Finance

Enclosures

cc: Judy Tabimina



AIRPORT COMMISSION

Department of Concession Development and Management

Post Office Box 8097
 San Francisco International Airport
 San Francisco, CA 94128
 TELEPHONE: (650) 794-4500
 FACSIMILE: (650) 794-4519

**F
A
X**

To:	Mr. Nick Levinson - City Budget Analyst Office
From:	Lorri A. Vasquez - Asst. Deputy Airport Director for Concession Development and Management Department
Date:	Friday, September 18, 1998
Fax:	(415) 252-0461
Re:	North Terminal Concession Opportunity Lease
# of Pages:	2, including cover sheet
<input type="checkbox"/> Please review and comment <input type="checkbox"/> Please handle <input type="checkbox"/> For your information <input type="checkbox"/> Please reply <input checked="" type="checkbox"/> Per your request	
You <input type="checkbox"/> will <input checked="" type="checkbox"/> will not receive a hard copy.	

Comments:

Mr. Levinson:

Per your request, the following is the anticipated minimum annual guarantee (MAG) for the Airport from Host International, Inc., Lessee for the North Terminal Concession Opportunity Lease. The term of this Lease is five years.

Year	Anticipated MAG
1	\$1,200,000
2	\$1,212,000
3	\$1,224,120
4	\$1,236,361
5	\$1,248,725
TOTAL: \$6,121,206	

Attached is the off-calendar memo sent to the Airport Commission regarding the outcome of the North Terminal Concession Opportunity Lease RFQ/P process.

09/18 '98 10:39

ID: HARVEY M. ROSE

FAX: 415-252-0461

PAGE 2

Attachment II
Page 2 of 2

SEP 18 1998

SEP 16 '98 11:49AM SFIA BUDGET/ FINANCE

P.22

Name: Del Duce Enterprises, Inc.
SFIA Property Manager: Judy Tablmina
Type: Concessionaire
Location: North Terminal Boarding Area E
A/C Resolution: L02-0304
Document: L02-0304
Revenue Code: 37521 (formerly 9065)
CPI Type: Department Store Inventory Price Index - Soft Goods

Adjustment Due Date May 15	(A) Base Index March 93	(B) Comparison Index	Bid Minimum	CPI (MYIA)	MAO Year	Month
			\$1,156,482.00		\$1,156,482.00	\$96,373.30
1993	595			1.0048739	\$1,162,118.63	\$96,843.22
1994	595	597.5		1.0146218	\$1,173,391.90	\$97,782.66
1995	595	603.7		1.0186555	\$1,178,056.71	\$98,171.39
1996	595	606.1		1.0191597	\$1,178,639.81	\$98,219.98
1997	595	606.4			\$0.00	\$0.00
1998	595					

TOTAL: \$5,848,689.05

09/18/98

Airport
Commission
City and County
of San Francisco
Willie L. Brown, Jr.
Mayor



Henry E. Berman
President
Roland A. Quan
Vice President
Michael S. Strunsky
Larry Mazzola
Linda S. Crayton

JOHN L. MARTIN
Airport Director

MEMORANDUM

May 14, 1998

TO: AIRPORT COMMISSION
Hon. Henry E. Berman, President
Hon. Roland A. Quan, Vice President
Hon. Michael S. Strunsky
Hon. Larry Mazzola
Hon. Linda S. Crayton

FROM: Airport Director

SUBJECT: Approval of Proposal of Host International, Rejection of Proposal of Brookstone, and Authorization of Director to Negotiate Minimum Annual Guarantee for North Terminal Concession Opportunity Lease.

DIRECTOR'S RECOMMENDATION: ADOPTION OF THE ACCOMPANYING RESOLUTION WHICH APPROVES PROPOSAL OF HOST INTERNATIONAL, REJECTS PROPOSAL OF BROOKSTONE, AND AUTHORIZES DIRECT OR TO NEGOTIATE MINIMUM ANNUAL GUARANTEE FOR NORTH TERMINAL CONCESSION OPPORTUNITY LEASE.

Background

By Airport Commission Resolution No. 98-0051, the Airport Commission authorized staff to issue a Request for Qualification/Proposal (RFQ/P) for the North Terminal Concession Opportunity Lease. Host International and Brookstone submitted packages in response to the RFP/Q.

THIS PRINT COVERS CALENDAR ITEM NO. 8

Members, Airport Commission
May 14, 1998
Page 2

The goal of the RFQ/P was to ensure that prospective bidders were qualified and that their proposals were acceptable to the Airport. The proposals were reviewed by a five-member panel using the following criteria: Airport experience – 10 points, Tenant Mix – 70 points, Operations/Management Plan – 10 points, and Design Intent – 10 points. The Tenant Mix, the largest component of the score, addressed the proposed concept and theme, utilization of national, regional and local brand name companies, and the utilization of Disadvantaged Business Enterprise (“DBE”) set-asides.

The reviewing panel determined that the Host proposal was acceptable; Host had adequate Airport experience, and the tenant mix, operation/management plan, and design intent were acceptable. In particular, Host's proposal stated that it would provide 57% of total square footage to DBE participation, which exceeds the Airport's requirement of 30%. The Human Rights Commission (HRC) is currently reviewing Host's Benefits Ordinance declarations and employee workforce plans to determine whether Host is in compliance with Chapter 12B of the Administrative Code. Certification of Benefits Ordinance compliance had not been received as of this writing but is expected shortly.

The panel determined that the Brookstone proposal was unacceptable. In particular, Brookstone's proposal did not identify a subleasing plan.

The rejection of Brookstone's proposal will result in only one eligible bidder, Host International, Inc. Under these rare circumstances, Airport staff has determined that a bid would not be in the best interests of the City. Instead, to maximize the rent structure, Airport staff recommends that Director be authorized to negotiate the Minimum Annual Guarantee with Host, which Minimum Annual Guarantee shall not be less than the Minimum Annual Guarantee specified in the RFQ/P, \$800,000.

Modifications to the Lease

Per the original Lease specifications, the Airport was to build, at its own cost, a common storefront framing on all of the stores. Staff has determined that only two facilities (Space B and F) will incorporate the common storefront framing. Further, due to the security checkpoint relocation occurring in the North Terminal, Space E will be relocated to a comparable location on the other side of Space C (map attached). These modifications will be conveyed to Host International and will be reflected in the final Lease.

Attachment III

Page 3 of 3

Members, Airport Commission
May 14, 1998
Page 3

Recommendation

Based upon the evaluation by the panel, I recommend adoption of the attached Resolution approving Host's Proposal, rejecting Brookstone's Proposal, and authorizing the Director to negotiate the Minimum Annual Guarantee, which will not be less than \$800,000, subject to Human Rights Commission's determination of Host's 12B Compliance. I will return to you for your approval of the negotiated Minimum Annual Guarantee and the award of the Lease.



John L. Martin
Airport Director

Prepared by: Bob Rhoades

Attachments

Item 10 – File 98-1472

Department: Department of Real Estate
Police Department

Item: Resolution authorizing the purchase of real property at 301 Eddy Street (Assessor's Block 338, Lot 23) for the San Francisco Police Department; and adopting findings under the California Environmental Quality Act and findings pursuant to City Planning Code Section 101.1.

Location: Assessor's Block No. 338, Lot No. 23, located at 301 Eddy Street

Seller: 301 Eddy Associates, LLC, a California limited liability company, and Maclean Properties, LLC, a Delaware limited liability company

Size of Lot: Approximately 13,750 square feet of land area

Purchase Price: \$1,317,000 plus an estimated \$19,000 in closing costs, for a total cost of \$1,336,000

Source of Funds: Previously appropriated funds included in the Police Department's FY 1998-99 budget

Description: Approval of the proposed resolution would authorize the acquisition of the subject property, Block No. 338, Lot No. 23, from 301 Eddy Associates, LLC, a California limited liability company, and Maclean Properties, LLC, a Delaware limited liability company, as Seller, for \$1,317,000, plus an estimated \$19,000 in standard closing costs, to renovate the property for use as a sub-station for the Tenderloin Task Force (TTF). According to Captain Alex Fagan of the Police Department, the TTF is the Police Department's response to the high level of crime in the Tenderloin. The TTF currently consists of 86 uniformed personnel of the Police Department, who provide community policing services to residents of the Tenderloin.

The subject property, consisting of land and a one-story commercial building over ramped basement space, is located in the Tenderloin neighborhood on the southwest corner of Eddy Street and Jones Street, across from

BOARD OF SUPERVISORS
BUDGET ANALYST

Boeddeker Park. The rectangular-shaped lot has dimensions of approximately 137.5' x 100', or a total of approximately 13,750 square feet. According to Officer Jeff Clark of the Police Department, the ground-floor portion of the building consists of approximately 13,500 square feet, of which the TTF sub-station would occupy approximately 8,750 square feet of renovated space, while the remaining 4,750 square feet would not be renovated at this time but would be used for TTF storage space. The 8,750 square feet of renovated office and related space for TTF personnel equals approximately 102 square feet for each of the 86 TTF employees. The ramped basement space, which will be used exclusively for emergency vehicle parking, also consists of approximately 13,500 square feet, for a total of 27,000 square feet.

Current tenants in the building include A-1 Rent-A-Car and the Rescue Mission church. These tenants currently have month-to-month leases that would be assumed by the City upon acquisition of the property, according to Mr. Charlie Dunn of the Department of Real Estate (DRE), because the Seller was unwilling to deliver the property vacant. Furthermore, according to Mr. Dunn, because the existing tenants would have to vacate the building before the start of the renovation work, currently scheduled for April of 1999, State Relocation law would require the City, as the property owner, to provide these tenants with relocation benefits. According to Mr. Gary Hoy of the Department of Public Works (DPW), the relocation benefits are estimated to cost approximately \$67,000, and are included in Attachment I, provided by Mr. Hoy, which contains a budget for the total estimated project cost of \$4,277,000 to acquire and renovate the 301 Eddy Street building. These funds were approved in the Police Department's FY 1998-99 budget.

At its August 26, 1998 meeting, the Police Commission approved a resolution to acquire the subject property in order to renovate the building for use as the TTF sub-station. This new facility would replace an existing leased facility, located at 1 Jones Street, which contains 9,000 usable square feet (18,000 square feet in total)¹, or

¹ The 1 Jones Street lease is for the 18,000 square foot basement of the former Hibernia Bank building. According to Mr. Dunn, only approximately half of the space, or 9,000 square feet,

approximately 105 square feet for each of the 86 uniformed members of the TTF. The existing lease costs are \$4,625 per month under a month-to-month lease, or \$0.26 per square foot per month (\$55,500 annually). According to Mr. Dunn, the leased space has a number of deficiencies for use as the TTF sub-station, including non-compliance with the Americans with Disabilities Act (ADA), non-compliance with seismic safety requirements, inadequate parking for emergency vehicles, and inadequate interview and holding areas.

According to Mr. Dunn, the City researched other facilities available for lease in the Tenderloin to serve as a TTF sub-station, but chose the subject property because of its physical attributes and location. Attachment II provided by Mr. Dunn explains why the City has proposed to purchase the property rather than lease the property.

The Department of City Planning (DCP) has found that the proposed acquisition of the subject property is in conformity with the City's General Plan and consistent with the eight Priority Policies of Planning Code Section 101.1. DCP has also found that the proposed acquisition and projected use of the subject property are exempt from Environmental Review under Class I of the California Environmental Quality Act.

Comments:

1. As previously noted, as part of the Board of Supervisors' approval of the Police Department's FY 1998-99 budget, \$4,277,000 was budgeted to pay for the relocation of the TTF headquarters to the 301 Eddy Street property, including the subject \$1,317,000 acquisition price and the design and renovation costs.

According to Mr. Hoy, the \$4,277,000 does not include the costs to move the TTF from its existing facility to the new sub-station or to install furniture, fixtures, and equipment, including telecommunications and computers, in the new sub-station. According to Mr. David Esparza of the Mayor's Budget Office, the estimated \$300,000 required for moving and related costs will be requested in the Police Department's FY 1999-2000 budget.

is usable by the Police Department due to the presence of bank vaults and other physical obstacles.

BOARD OF SUPERVISORS
BUDGET ANALYST

2. According to Mr. Dunn, the Police Department expects to continue to occupy the existing leased space at 1 Jones Street until the new TTF sub-station is completed and ready for occupancy, which, according to Mr. Hoy of DPW, is estimated to occur in April of 2000.

3. Mr. Dunn states that the DRE has determined that the acquisition price of \$1,317,000 represents the fair market value for the 301 Eddy Street property. This price equals approximately \$49 per square foot based on the building area of 27,000 square feet. The owner of the property has agreed to this price and has entered into an Agreement of Purchase and Sale with the City, which is scheduled to close on or before 30 days after Board of Supervisors approval of the transaction. Mr. Dunn estimates that the total costs to purchase the property, including an estimated \$19,000 in closing costs, will be \$1,336,000.

4. According to Mr. Hoy, the building at 301 Eddy Street would consist of 13,500 square feet of ground-floor space, including 8,750 square feet of renovated office and related space for TTF personnel and 4,750 square feet of unimproved storage space. The 13,500 square feet is 4,500 square feet, or 50 percent, more than the 9,000 usable square feet contained in the existing leased facility. This additional square footage is required, according to Mr. Hoy, to enable the new TTF sub-station to comply with ADA and seismic code requirements, and to provide adequate interview, holding and detention, and storage areas. Furthermore, the 301 Eddy Street building would also include a 13,500 ramped basement space for parking.

5. According to Mr. Hoy, the City expects to initiate an Invitation to Bid process for the award of a construction contract to renovate the existing building in January of 1999. Construction is projected to begin in April of 1999, and to be completed in April of 2000.

Recommendation:

Approve the proposed resolution, based on the prior policy decision of the Board of Supervisors to approve funds in the Police Department's FY 1998-99 budget to acquire a new sub-station for the Tenderloin Task Force.

BOARD OF SUPERVISORS
BUDGET ANALYST

City and County of San Francisco



Willie Lewis Brown, Jr., Mayor
Mark A. Primeau, AIA, Director and City Architect



(415) 557-4700
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http://www.sfdpw.com

Department of Public Works
Bureau of Architecture
30 Van Ness Avenue, Suite 4100
San Francisco, CA 94102-6020

Tara D. Lamont, AIA, Bureau Manager

Tenderloin Police Substation PROPOSED BUDGET MENU

PROPOSED BUDGET	4,277,000	% Const.
(see page 2 for details)	3,638,000	100.0%
1. CONSTRUCTION, PURCHASE, & INSTALLATION Includes site purchase; construction contract; construction contingency; art enrichment (2% of construction); hazardous materials abatement; relocation of existing tenants (thru SFRED); temporary relocation and moving costs of SFPD are not included.	0	0.0%
2. CLIENT DEPARTMENT SERVICES Client Department management costs (associated costs for community outreach and commission meetings); temporary operating costs during construction; and Owner's Scope Contingency	40,000	1.1%
3. DPW PROJECT MANAGEMENT Management of the project scope, schedule and budget from initiation to post-construction; monitoring of project funds, revenue and expenditures; management of design and construction contracts; appropriations assistance; and reporting to Client, Board and Mayor.	2,500	0.1%
4. ADDITIONAL MANAGEMENT SERVICES Developing project scope, schedule and budget for initial appropriation; assistance with site selection/analysis; environmental reviews; coordination with Federal, State and Local Agencies for processing and approvals; assistance with grant funding applications/invoices/payments; coordination and compliance with HRC; liaison with local building trade unions during construction.	5,000	0.1%
5. CITY ADMINISTRATIVE SERVICES Financial and legal counsel for bond sales, lease agreements and construction contract support.	37,000	1.0%
6. REGULATORY AGENCY APPROVALS Building permit and planning fees; other local agency fees including Public Works, Water Department, and Power (PGE through PUC)	257,400	7.1%
7. BASIC ARCHITECTURAL/ENGINEERING SERVICES Standard architectural, structural, mechanical, electrical engineering services for design, construction documentation, and construction phase services.	22,300	0.6%
8. SUPPLEMENTAL A/E SERVICES Additional architectural and engineering services including site and utility assessments; existing conditions assessments and documentation; environmental reports and studies; landscape architecture, civil engineering; specialty consultants; interior design; detailed cost estimates; value engineering/peer reviews; and post construction services.	222,800	6.1%
9. CONSTRUCTION MANAGEMENT & RELATED SERVICES Includes basic CM services as well as: construction contract preparation; prevailing wage monitoring; inspection for compliance with contract documents; materials testing and inspection; monitoring of HRC compliance (MBE/WBE goals); monitoring of certified payroll and interviews of workers; schedule reviews and confirmation of proposal requests.	52,000	1.4%
10. OWNER FURNISHED DATA, SURVEYS Includes hazardous materials surveys and reports; existing materials testing for structural integrity; site and topographical surveys for design.	4,277,000	117.6%
11. TOTAL PROJECT BUDGET		

The figures listed above are budgetary assumptions for the purpose of appropriation. These items represent typical project costs based upon previous project experience and are included for discussion and consideration. They are predictions of expenditures by category; actual costs will be managed jointly by the Client Department and the Department of Public Works. Questions regarding this budget should be directed to the Project Manager, DPW.

Alex E. Fagan
Capt. Alex Fagan
Rec'd Division (552 1202)

Gary Hoy
Project Manager (557-4677)

Job No: 1096H
Project: Tenderloin Police Substation

TOTAL PROJECT BUDGET

ORIGINAL BUDGET 4,277,000

REVISED BUDGET 4,277,000

% Const. 0

Remarks 100.0%

1. CONSTRUCTION, PURCHASE, & INSTALLATION (details from Page 1)

1.0 CAPITAL IMPROVEMENTS

73,000

1.0 Misc./Other Construction

0

0

0

Demolition of Existing Structures

1.0.1 Misc./Other Construction Contract - Submittal

0

0

0

Underpinning of Adjacent Properties as required

1.0.2 Misc./Other Construction Contract - Underpinning

0

0

0

Real Estate costs for negotiating agreements w/neighbors

1.0.3 Misc./Other Construction - Right to Enter Agreements

0

0

0

Accessible route(s) in public right of way from MUNI

1.0.4 Misc./Other Construction - Curb Cuts ADA

0

0

0

1.0.5 Misc./Other Construction - Contingency

0

0

0

Expected Bid Price at Receipt of Bids

1.1 Principal Construction Contract

2,093,000

73,000

33,000

Contingency 10.5% for changes during construction

1.1.1 Construction Contract Award Amount

1,840,000

1,873,000

40,000

2% of Construction Costs

1.1.2 Construction Contingency

180,000

220,000

0

Hazardous Materials Abatement Prior to Const.

1.2 Art Enrichment

37,000

37,000

0

Contingency for additional scope during abatement

1.3 Hazardous Materials Construction/Abatement

60,000

60,000

0

Moving costs associated with client's relocation

1.3.1 Haz. Mat. Construction Award Amount

50,000

50,000

0

Work stations, chairs, tables, cabinets, etc.

1.3.2 Haz. Mat. Construction Contingency

10,000

10,000

0

Installation costs if separate

1.4 Temporary Relocation Construction

0

0

0

The following system infrastructures require equipment thru GF

1.4.1 Moving costs

0

0

0

Telephone room, switch, hardware to jacks

1.4.2 Moving Contingency

0

0

0

Security System, PA Equipment not (fixed)

1.5 Furniture, Fixtures and Equipment

0

0

0

800 Mhz radio equipment (fixed)

1.5.1 Furniture, Fixtures and Equipment Purchase

0

0

0

The following system infrastructures require equipment thru GF

1.5.2 Installation

0

0

0

Business Communication Network Hardware

1.5.3 Contingency

0

0

0

le g Courts Cable, Library, Acoustic, Laboratory, Etc.

1.6 Telecommunications/Computers

0

0

0

Closing Costs, Relocation of Tenants

1.6.1 Telephone Network

0

0

0

Site Acquisition Cost

1.6.2 Other Communication Network

0

0

0

Real Estate Dept Labor

1.6.3 Radio Communications Network

0

0

0

@ "3.5%" x 1 Year to Mid Point of Const. (Moved to Const. Above)

1.6.4 Contingency

0

0

0

Scope Contingency for Hard and Soft Costs

1.7 Business Computer System

0

0

0

Closing \$19,000

1.7.1 Business Systems Data Network

0

0

0

Reloc. -\$67,000

1.7.2 Other Data Network

0

0

0

1.7.3 Contingency

0

0

0

1.8 SITE PURCHASE

1,448,000

1,448,000

0

1.8.1 Misc./Other Site Control Costs

86,000

86,000

0

1.8.2 Site Purchase or Lease

1,350,000

1,350,000

0

1.8.3 Department of Real Estate

12,000

12,000

0

1.8.4 Contingency

0

0

0

1.9 INFLATION / OTHER PROJECT COSTS

73,000

0

173,000

1.9.1 Inflation to Mid Point of Construction

73,000

0

173,000

1.9.2 Project Reserve

0

0

0

1.9.3 Other

0

0

0

City and County of San Francisco

Real Estate Department

Office of the
Director of PropertyAttachment II

MEMORANDUM

September 17, 1998

TO: Harvey Rose
Budget Analyst

FROM: Anthony J. DeLucchi
Director of Property

SUBJECT: Tenderloin Task Force
Purchase of 301 Eddy St.
File 98-1492

Pursuant to your request, the following briefly explains the City's decision to purchase the above referenced property instead of leasing:

- The S. F. Police Department required substantial and highly specialized property improvements (\$2,500,000 +/-). The cost of these improvements likely requires the owners to obtain a loan.
- None of the many banks or other lenders the property owner contacted would loan money on a lease to the City which included the City's (Charter required) standard annual appropriation of funds.
- If the City were to supply these substantial improvement monies, it seems logical to also own the land and existing structure.
- The needs of the area were judged to be long term by the Police Department.

These are a few of the reasons that lead the CIAC and the Mayor's Budget Office to recommend that we pursue a purchase of the property.

Item 11 – File 98-1419

Department: San Francisco General Hospital (SFGH)
Department of Real Estate (DRE)

Item: Resolution authorizing the expansion and extension of an existing lease of real property at San Francisco General Hospital with the University of California Regents.

Location: The entire north portion of Unit 5B and Rooms 5B4, 5B6, 5B8 and 5B10 in the south portion of Unit 5B, located on the fifth floor of the SFGH “New” Hospital Building; and Rooms 304, 308, 309, 310, 320, 321, 322, and 360 on the third floor in Building 100 of SFGH.

Purpose of Lease: To extend the occupancy and increase the space to be occupied by the University of California (UC) at SFGH, for use by the UC General Clinical Research Center Core Laboratory.

Lessor: City and County of San Francisco

Lessee: UC Regents

No. of Sq. Ft. and Cost Per Month: 8,485 square feet at approximately \$.91 per square foot per month, for a total of approximately \$7,721 per month.

Annual Cost: \$92,656

Percentage over Prior Lease: The existing lease for the entire north portion of Unit 5B and Rooms 5B4, 5B6, 5B8 and 5B10 in the south portion of Unit 5B, located on the fifth floor of the SFGH Hospital Building and Rooms 304, 308, 309, 310, 320, 321, 322, and 360 on the third floor in Building 100 of SFGH provides approximately 7,634 square feet at approximately \$.58 per square foot per month, or \$4,428 per month (\$53,133 annually). The proposed lease amendment would result in an increase in space for UC of 851 square feet (11 percent), from 7,634 square feet to 8,485 square feet, and an increase in cost to UC for annual rent of \$39,523 (74 percent), from \$53,133 to \$92,656 per year.

BOARD OF SUPERVISORS
BUDGET ANALYST

Utilities and Janitor

Provided by Lessor: The City would continue to provide all utilities and janitorial services, whose costs would be paid by the lessee.

Term of Lease: The existing ten-year lease presently expires on September 30, 2002. If the proposed resolution is approved, the term of the expanded and extended lease would commence upon approval of the Board of Supervisors and the Mayor (approximately on September 30, 1998) and would expire on December 31, 2010. This would result in an extension in the term of the existing lease of approximately 8 years and 3 months.

Right of Renewal: UC would have the option to extend the lease as amended for three additional five-year periods at the then prevailing market rate as determined by the DRE.

Description: In 1992, the Board of Supervisors approved a resolution authorizing SFGH to lease the entire north portion of Unit 5B and Rooms 5B4, 5B6, 5B8 and 5B10 in the south portion of Unit 5B, located on the fifth floor of the SFGH Hospital Building and Rooms 304, 308, 309, 310, 320, 321, 322, and 360 on the third floor in Building 100 of SFGH to the University of California Regents (the "Regents"), for use by the UC General Clinical Research Center Core Laboratory, (File No. 65-93-4).

Approval of the proposed resolution would authorize the Mayor and the Clerk of the Board of Supervisors, on behalf of the City and County of San Francisco, to execute a First Amendment (the "Amendment") to that lease with the UC Regents for the addition of Rooms 101, 102, 316, 317, and 318 of Building 100 (consisting of 1,015 square feet) and the deletion of Room 5B10 in the SFGH Hospital Building (consisting of 164 square feet) for a net increase of 851 square feet. In addition, under the proposed resolution, the term of the initial lease would be extended by approximately eight years and three months through December 31, 2010.

According to Mr. Mark Zuffo of the Department of Real Estate, the initial lease premises (consisting of 7,634 square feet) would continue to be used by the UC General Clinical Research Center Core Laboratory. Mr. Zuffo explains that UC plans to construct a new laboratory in the

BOARD OF SUPERVISORS
BUDGET ANALYST

proposed additional rooms and existing rooms of Building 100, which will be used to perform studies on HIV and other diseases that affect the population served by SFGH. Mr. Zuffo reports that the estimated cost of this project is approximately \$2,000,000 as determined by UC and will be borne by UC and the National Institutes of Health.

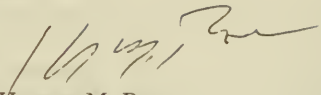
Under the proposed resolution, the rental amount of \$.91 per square foot per month would be retroactive to October 1, 1997 (see Comment No. 1). Mr. Zuffo advises that if the proposed resolution is approved, the City would collect \$30,230 in back rent from UC by applying the increased rental rate of \$.33 (\$.91 proposed new rate less the \$.58 existing rate) to the original lease of 7,634 square feet through September 30, 1998, the estimated effective date of the subject proposed extended lease.

Under the proposed legislation, of the \$.91 rent paid, \$.33 would be credited to a Maintenance and Capital Improvement Account for SFGH. According to Mr. Zuffo, the City may use funds in this account for (1) repairs, (2) code compliance (3) capital improvements to SFGH facilities leased by UC to the extent the City determines that such expenditures are necessary. According to the proposed legislation, such expenditures would be subject to appropriation approval by the Board of Supervisors.

Comment:

1. According to Mr. Zuffo, the existing lease contains a provision which allows the City to adjust the rental amount every five years to the prevailing market rate as determined by the DRE. Mr. Zuffo reports that due to the City's ongoing negotiations with UC over the term of the existing lease, the existing rental rate of \$.58 per square foot per month was not adjusted on October 1, 1997, the scheduled date of such authorized adjustment. According to Mr. Zuffo, if the proposed resolution is approved, the proposed rental rate of \$.91 per square foot per month, retroactive to October 1, 1997, represents the fair market value rate for the SFGH space to be leased to UC.

Recommendation: Approve the proposed resolution.



Harvey M. Rose

cc: Supervisor Teng
President Kaufman
Supervisor Newsom
Supervisor Ammiano
Supervisor Bierman
Supervisor Brown
Supervisor Katz
Supervisor Leno
Supervisor Medina
Supervisor Yaki
Supervisor Yee
Clerk of the Board
Controller
Gail Feldman
Matthew Hymel
Stephen Kawa
Ted Lakey

Item 2 - File 98-1541

DOCUMENTS DEPT.

SEP 24 1998

SAN FRANCISCO
PUBLIC LIBRARY

REVISED 9/22/98

3/98
ised
Department: Controller

Item: Resolution establishing tax rate pass through amount for residential tenants pursuant to Chapter 37 of the San Francisco Administrative Code.

Description: In May, 1998, the Board of Supervisors approved an ordinance amending Chapter 37 of the San Francisco Administrative Code, Sections 37.2, 37.3 and 37.8, to permit landlords to passthrough to residential tenants an amount based on any increase in Property Taxes imposed as a result of the repayment of General Obligation Bonds approved by the voters between November of 1996 and November of 1998.

This proposed resolution would establish a tax rate of \$0.010 (or one cent per hundred dollars of assessed valuation) attributable to General Obligation Bonds approved between November 1, 1996 and November 30, 1998 and repayable during FY 1998-99. The \$0.010 tax rate is part of the recommended tax rate of \$1.165 for Fiscal Year 1998-99 which is pending final passage by the Board of Supervisors (Files 98-1404, 98-1405 and 98-1406).

The attachment to this report, prepared by the Controller illustrates the impact of the pass through tax rate on several examples of rental properties within the City. These calculations are based on: a) authorized General Obligation bonded indebtedness of \$288,000,000 as approved by the voters between November of 1996 and the present; b) \$153,480,000 in debt either issued to date or to be issued during FY 1998-99; and, c) an annual debt service requirement of \$6,057,947 during FY 1998-99. The attachment contains examples showing that rent of tenants would increase by a range of \$1.97 per unit per year or \$0.16 per unit per month (for a six unit property located at 814 14th Street) to \$27.90 per unit per year or \$2.33 per unit per month (for a three unit property located at 1723 Noe Street). As noted in the Controller's attachment, these examples are for illustration purposes only and the impact may vary if different assumptions are used.

Recommendation: Approve the proposed resolution.

BOARD OF SUPERVISORS
BUDGET ANALYST

Analysis of the Impact of the General Obligation Bond Passthrough on Property Owners and Tenants in FY 1998-1999

Bond	Authorized Amount	Amount Issued or to be Issued in 98-99	Avg Annual Debt Svc per \$100 A.V.	Tax Effect per \$100 A.V.
1996 Affordable Housing - Series 1996A	\$100,000,000	\$20,000,000	\$1,807,554	0.003
1997 Zoo Facilities - Series 1998B	48,000,000	11,000,000	434,123	0.001
1997 Zoo Facilities - Series 1999A	see above	21,385,000	493,982	0.001
1997 School & College Districts - Series 1998B	140,000,000	63,710,000	2,458,762	0.004
1997 School & College Districts - Series 1999A	see above	37,385,000	863,526	0.001
Total	\$288,000,000	\$153,480,000	\$6,057,947	0.010

Note: The 1998-99 basis of secured levy is \$58,860,384,896.

Example of the Impact of the General Obligation Debt Service on Certain Property Owners & Tenants

Property Address	1998-1999 Assessed Value	1998-1999 Tax Rate	1998-1999 Tax Amount	1997-1998 Assessed Value	1997-1998 Tax Rate	1997-1998 Tax Amount	Savings from Change of Tax Rate	Total Tax Effect per \$100 A.V. for Passthrough Bonds	98-99 Tax Effect on Property Owner for Passthrough Bonds (1)	# of Units	Annual Tax Effect on Each Unit	Monthly Tax Effect on Each Unit
964 Guerrero	279,453	1.165%	3,256	273,976	1.190%	3,260	4.69	0.010	\$27.95	3	\$9.32	\$0.78
1723 Noa	837,000	(2) 1.165%	9,751	(3)	(3)	-	(3)	0.010	\$83.70	3	\$27.90	\$2.33
814 14th St	118,054	1.165%	1,375	115,740	1.190%	1,377	1.98	0.010	\$11.81	6	\$1.97	\$0.16
625 Hyde	710,000	(2) 1.165%	8,272	(3)	(3)	-	(3)	0.010	\$71.00	7	\$10.14	\$0.85
1449 Washington	590,389	1.165%	6,878	578,840	1.190%	6,888	10.16	0.010	\$59.04	12	\$4.92	\$0.41
1304 Lombard	2,050,000	(2) 1.165%	23,883	(3)	(3)	-	(3)	0.010	\$205.00	12	\$17.08	\$1.42
1680 Broadway	4,076,880	1.165%	47,495	3,997,417	1.190%	47,569	73.84	0.010	\$407.69	80	\$5.10	\$0.42
3711 19th Ave	6,677,257	1.165%	77,790	6,546,331	1.190%	77,901	111.29	0.010	\$667.73	306	\$2.18	\$0.18

Assumptions:

- (1) No homeowner's exemption because it's not owner occupied.
- (2) The 1998-1999 assessed value reflects the recent sales price.
- (3) The 1998-1999 sale establishes a new base year value for the property. Comparison to 1997-98 assessed value to determine savings from change of tax rate would be distorted by the new base year value.

Note: The above schedules are for illustration purpose only. The Impact may vary if different assumptions are used.

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anceled

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BOARD of SUPERVISORS



401 Van Ness Avenue, Room 308
San Francisco 94102-4532
554-5184

NOTICE OF CANCELLED MEETING

FINANCE COMMITTEE

SAN FRANCISCO BOARD OF SUPERVISORS

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SEP 25 1998

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PUBLIC LIBRARY

NOTICE IS HEREBY GIVEN That the regularly scheduled Finance Committee meeting of September 30, 1998, has been cancelled. The next regularly scheduled Finance Committee meeting will be held on Wednesday, October 7, 1998, at 1:00 p.m., 401 Van Ness Avenue, Room 410, San Francisco, California.

A handwritten signature in cursive script, reading "Gloria L. Young".

Gloria L. Young
Clerk of the Board

POSTED: 9/24/98

AGENDA

Finance Committee Board of Supervisors City and County of San Francisco

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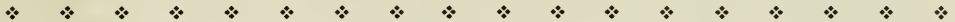
REGULAR MEETING

WEDNESDAY, OCTOBER 7, 1998 - 1:00 P.M.

VETERANS BUILDING
401 VAN NESS AVE, RM. 410
SAN FRANCISCO, CA. 94102

MEMBERS: Supervisors Mabel Teng, Barbara Kaufman, Gavin Newsom

CLERK: Joni Blanchard



Disability Access



Both the Committee Room (Room 410) and the Chamber (Room 404) are wheelchair accessible. The closest accessible BART Station is Civic Center, four blocks from the Veterans Building. Accessible MUNI lines serving this location are: #42 Downtown Loop and the #71 Haight/Noriega and the F line to Market and Van Ness and the METRO stations at Van Ness and Market and at Civic Center. For more information about MUNI accessible services, call 923-6142.



There is accessible parking in the vicinity of the Veterans Building adjacent to Davies Hall and the War Memorial Complex.



Assistive listening devices are available for use in the Meeting Room and the Board Chamber. A device can be borrowed prior to or during a meeting. Borrower identification is required and must be held by Room 308 staff.

The following services are available on request 48 hours prior to the meeting or hearing:

- ❖ For American sign language interpreters or the use of a reader during a meeting, contact Violeta Mosuela at (415) 554-7704.
- ❖ For a large print copy of an agenda, contact Moe Vazquez at (415) 554-4909.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City to accommodate these individuals.

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. The Sunshine Ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force at 554-4851.

CONSENT CALENDAR

1. All items listed hereunder constitute a Consent Calendar, are considered routine by Committee and will be acted upon by a single, roll-call vote. There will be no separate discussion of items unless a member of the Committee or public requests, in which event the matter shall be removed and considered as a separate item.
 - a. File 98-1602. [Emergency Repair, Central Avenue Sewer] Resolution approving expenditure of funds for the Central Avenue Emergency Sewer Replacement under Clean Water Program Contract No. CW-181 - \$164,355.00. (PUC)
 - b. File 98-1603. [Emergency Repair, 425 Noriega Street Sewer] Resolution approving expenditure of funds for emergency work to repair the structurally inadequate easement sewer parallel to the residence of 425 Noriega Street near 11th Avenue - \$110,276.00. (PUC)
 - c. File 98-1604. [Emergency Repair, York Street Sewer] Resolution approving expenditure of funds for emergency work to repair structurally inadequate sewer in York Street from Precita Avenue to Peralta Avenue - \$136,725.00. (PUC)

ACTION:

REGULAR CALENDAR

2. File 98-1456. [Airport Concession Lease] Resolution approving the "North Terminal Concession Opportunity Lease" between Host International, Inc. and the City & County of San Francisco, acting by and through its Airport Commission. (Airport)
(Consideration continued from 9/23/98)

ACTION:

3. File 98-1503. [Campaign Consultant Fees] Ordinance amending Administrative Code Section 16.543(c) to add a fee schedule for campaign consultants and to require the Ethics Commission to evaluate the schedule in 1999 and propose any amendments to the schedule to the Board of Supervisors for approval by December 1, 1999. (Ethics Commission)

ACTION:

4. File 98-1600. [Moscone Center Garage Project] Resolution approving the issuance of Lease Revenue Refunding Bonds (not to exceed \$8,250,000) of the Parking Authority of the City & County of San Francisco; approving execution and delivery of a project lease between the Authority, as lessor, and the City, as lessee (including certain indemnification provisions); approving a continuing disclosure certificate relating to Bonds; approving the form and circulation of an official statement relating to Bonds; authorizing payment of certain costs of issuance from proceeds of Bonds; ratifying previous actions taken in connection with the foregoing matters; and authorizing the taking of appropriate actions in connection therewith. (Mayor's Office of Finance and Legislative Affairs)

ACTION:

5. File 98-1560. [Multifamily Housing Revenue Bonds] Resolution authorizing the issuance and delivery of Multifamily Housing Revenue Bonds, Series 1998A (The "Series 1998A Bonds") and Series 1998B (The "Series 1998B Bonds," and together with the Series 1998A Bonds, the "Bonds") in an aggregate principal amount not to exceed \$2,500,000 for the purpose of refunding bonds previously issued to provide financing for a multifamily rental housing project; authorizing sale of bonds; approving form of and authorizing execution of an indenture providing the terms and conditions of bonds; approving form of and authorizing execution of the bond placement agreement providing terms and conditions for sale of bonds; approving form of and authorizing execution of an amendment to financing and regulatory agreement; approving form of and authorizing execution of a loan agreement; approving form of and authorizing preparation and distribution of a preliminary official statement and the preparation, execution and distribution of an official statement relating to bonds; approving form of and authorizing the execution of a subordination agreement; approving and authorizing execution and delivery of any document necessary to implement this resolution; ratifying and approving any action heretofore taken in connection with the bonds, the project and the refunding of the prior bonds; and related matters. (Supervisor Medina)

ACTION:

6. File 98-1442. [Price Adjustment, Local Sale/Business Tax Revenues] Ordinance amending Administrative Code by adding Chapter 21C, Sections 21C.1 through 21C.4, to require adjustment of priced offers for the purpose of evaluating price contracts for the purchase of commodities to reflect sales tax and gross receipts tax revenues produced by the procurement for the City, the S.F. Unified School District, the S.F. Community College District and the San Francisco Transportation Authority. (Supervisors Kaufman, Yee, Leno, Katz, Brown, Teng, Medina, Yaki, Newsom, Ammiano)

ACTION:

7. File 98-1557. [County Clerk and Assessor-Recorder Fees] Ordinance amending Administrative Code by repealing Section 8.33 which sets certain fees for the office of the County Clerk-Recorder and by adding Sections 8.33.1 and 8.33.2, setting certain fees for the Office of the County Clerk and setting certain fees for the Office of the County Assessor-Recorder. (Supervisor Kaufman)

ACTION:

LEGISLATION UNDER THE 30-DAY RULE

Rule 5.40 provides that when legislation is introduced which would create or revise major city policy, the committee to which it is assigned shall not consider the legislation until at least 30 days after the date of introduction.

File 98-1508. [Living Wage Task Force] Resolution establishing an advisory task force to evaluate the impact of living wage proposals on San Francisco's economy, businesses, non-profit organizations and residents and setting forth the membership and duties of the task force (Living Wage Task Force). (Supervisor Kaufman), 30 Day Rule expires 10/14/98.

Watch future calendars for matters.

Finance Committee
S.F. Board of Supervisors
401 Van Ness Avenue, Room 308
San Francisco, CA 94102

IMPORTANT HEARING NOTICE!!!

90.25
7
/7/98
CITY AND COUNTY



OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642
FAX (415) 252-0461

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OCT 06 1998

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October 2, 1998

TO: Finance Committee
FROM: Budget Analyst *Recommendations for meeting of.*
SUBJECT: October 7, 1998 Finance Committee Meeting

Item 1a- File 98-1602

Department: Public Utilities Commission (PUC)
Department of Public Works (DPW)

Item: Resolution authorizing the expenditure of funds in the amount of \$164,355 for emergency replacement of the structurally inadequate sewer in Central Avenue between Golden Gate Avenue and McAllister Street.

Amount: \$164,355

Source of Funds: FY 1997-98 PUC Repair and Replacement Fund

Description: The Public Utilities Commission advises that on March 26, 1998, the sewer located in Central Avenue between Golden Gate Avenue and McAllister Street failed, and immediate repairs were required in order to protect the health, welfare, and property of the citizens of San Francisco. The PUC declared an emergency on March 27, 1998. In accordance with Section 6.30 of the Administrative Code, the PUC initiated expedited

contract procedures, and awarded a contract to J.M.B. Construction, Inc. (J.M.B.) in the amount of \$118,640.

Budget: The total estimated project cost is \$164,355, including \$136,205 in actual construction costs (or \$17,565 more than the bid amount; see Comment No. 2) and \$28,150 for DPW engineering and construction management costs. Attachment I details the DPW engineering and construction management costs.

Comments: 1. Mr. P. T. Law of the DPW advises that J.M.B. submitted the second lowest bid for the emergency repair work. J.M.B. was selected to do the work, rather than Willie Electric Co., Inc., the low bidder, because Willie Electric did not provide adequate security bonds to ensure completion of the work, according to Mr. Law. The table below lists the bidders and the amounts bid:

<u>Bidder</u>	<u>Bid Amount</u>
Willie Electric Co., Inc.	\$100,700
J.M.B. Construction, Inc.	\$118,640
Marinship Construction Services Inc.	\$200,115

2. According to Mr. Law, DPW's Bureau of Construction Management identified the need for additional sewer repair and street reconstruction work subsequent to the contract award. Attachment II is a Change Order form showing the additional cost of \$17,565, which increased the final contract cost to \$136,205 from the bid amount of \$118,640.

3. Mr. Law reports that the repair work of the damaged sewer began on April 16, 1998 and was completed on May 7, 1998.

4. Mr. Law advises that due to various delays in receiving expenditure documentation from the Contractor, the PUC is requesting approval of this proposed resolution approximately five months after the construction work was completed.

Recommendation: Approve the proposed resolution.

BOARD OF SUPERVISORS
BUDGET ANALYST

**Cost Breakdown for (J.O. #1598N, Contract #CW-181)
Central Ave. Emergency Sewer Replacement**

Bureau of Engineering

Classification	Title	Rate	Hours	Cost
5504	Project Manager II	\$ 92	8	\$ 736
5206	Associate Civil Engineer	\$ 75	34	\$ 2,550
5202	Junior Civil Engineer	\$ 50	84	\$ 4,200
5366	Civil Engineering Associate II	\$ 60	100	\$ 6,000
5381	Engineering Student Trainee II	\$ 33	26	\$ 858
1426	Secretary	\$ 43	42	\$ 1,806
				\$ 16,150

Bureau of Construction Management

Classification	Title	Rate	Hours	Cost
5210	Senior Civil Engineer	\$ 100	8	\$ 800
5208	Civil Engineer	\$ 80	11	\$ 880
5204	Assistant Civil Engineer	\$ 59	98	\$ 5,782
5318	Construction Inspector	\$ 74	64	\$ 4,736
				\$ 11,998
Rounded:				\$ 12,000

CITY & COUNTY OF SAN FRANCISCO
DEPARTMENT OF PUBLIC WORKS
Bureau of Construction Management

CHANGE ORDER

Project: Central Avenue Emergency Sewer Replacement	Grant No: _____ Change Order No: #1 CW 181
Date: July 2, 1998	Controller No: ENWP98000025 SPEC No: # 1598N
To: J. M. B. Construction Inc. 5 Murray Street #100 San Francisco, CA 94112	Subject: Miscellaneous Changes

The Contractor is hereby directed to provide all labor, materials, equipment and supplies to complete the following work in conformance with applicable contract specifications:

1) Remove sand from sewer between McAllister & Fulton	- Lump Sum	= \$ 6,000.00
2) Investigate and perform emergency side sewer repair	- Lump Sum	= \$ 1,845.00
3) Extra concrete base with 2" AC	- 1,620 sf x \$6.00	= \$ 9,720.00
		<u>\$17,565.00</u>

The Contractor and the City acknowledge that this agreement constitutes full accord and satisfaction of all cost including disruption, lost productivity, escalation, delay, extended overhead and administration costs and extended performance time.

The contract price is hereby increased in the Lump Sum additive amount of \$17,565.00.

<u>Item</u>	<u>Description</u>	<u>Quantity</u>	<u>Unit</u>	<u>Unit Price</u>	<u>Total Amount</u>
C.O. #1	Miscellaneous Changes	1	L.S.	N/A	\$17,565.00

Estimated Cost: Decrease \$ Increase \$17,565.00

By Reason Of This Change Order, Contract Time Will Be Adjusted 0 Calendar Days

Distribution Plans	Change Request By: Boon Lim	Date: 7-2-98
Constr. Management (2) Constr. Contracts Scheduling & Control Project Engineer Project Manager	Cost Verified By: <i>Thomas Williams</i>	Date: 7/2/98
	Recommended By: <i>T. Williams</i> 029	Date: July 3 98
	Recommended By: <i>[Signature]</i>	Date: 7/8/98
	Recommended By: <i>[Signature]</i>	Date: _____
	Accepted By: <i>Nancy H. Barth</i>	Date: 7-4-98
	Approved By: <i>[Signature]</i>	Date: 7/10/98

Notice to Contractors: You may proceed with the work specified herein when it is for \$20,000 or less and has been approved for the CCSF by the appropriate authority and signed by the Contractor. Payment will be authorized by the Controller. C:\word60\1405NCC\CS1.doc

[Signature]
PUC General Manager/Designee

Date: 8/8/98

Item 1b- File 98-1603

Department: Public Utilities Commission (PUC)
Department of Public Works (DPW)

Item: Resolution authorizing the expenditure of funds in the amount of \$110,276 for emergency work to replace the structurally inadequate easement sewer parallel to the residence at 425 Noriega Street near 11th Avenue.

Amount: \$110,276

Source of Funds: FY 1997-98 PUC Repair and Replacement Fund

Description: The Public Utilities Commission advises that on January 20, 1998 the easement¹ sewer parallel to the residence at 425 Noriega Street near 11th Avenue failed, and immediate repairs were required in order to protect the health, welfare, and property of the citizens of San Francisco. The PUC declared an emergency on January 22, 1998. In accordance with Section 6.30 of the Administrative Code, the PUC initiated expedited contract procedures and awarded an emergency time-and-materials² contract to Shimmick Construction Co., Inc. As shown in Attachment I provided by the PUC, the initial \$100,000 estimate of construction costs was subsequently revised to \$70,000.

Budget: The total estimated project cost is \$110,276, including \$40,276 in actual construction costs as shown in Attachment II. The \$40,276 construction amount is \$29,724 less than the PUC's revised cost estimate of \$70,000 noted above. The total estimated project cost also includes \$30,000 for DPW engineering and construction management costs, \$20,000 for a geotechnical consultant to DPW's engineering staff, and a \$20,000 contingency for potential claims that, according to Ms. Christine Tang of the DPW, might be filed against the City by the owner of 425 Noriega Street and/or the owners of neighboring

¹ According to Ms. Christine Tang of the DPW, an easement sewer is a sewer located on the public right-of-way within private property.

² Time-and-materials contracts establish a contract price based on the actual time a Contractor requires to complete the work and the actual cost of materials used in the work, rather than a specific bid price agreed upon prior to the start of the work.

properties. Attachment I provided by the PUC also details the DPW engineering and construction management costs, the consultant costs, and the contingency for potential claims.

Comment:

1. Attachment III, provided by Ms. Tang, describes the process by which the PUC awarded the time-and-materials contract to complete the subject sewer replacement work to Shimmick Construction Co., Inc. without a competitive bid process.

2. Ms. Tang advises that the final payment to the Contractor was \$40,276, or \$29,724 less than the cost estimate of \$70,000, to adjust for the actual cost of construction.

3. Ms. Tang reports that no claims have been filed against the City to date by the owner of 425 Noriega Street or the owners of neighboring properties. However, the \$20,000 contingency has been provided for in the total estimated project cost of \$110,276 because claims might still be filed by the owner of 425 Noriega Street and/or the owners of neighboring properties, according to Ms. Tang.

4. Ms. Tang reports that the repair work of the damaged sewer began on January 22, 1998 and was completed on February 4, 1998.

5. Ms. Tang advises that due to various delays in receiving expenditure documentation from the Contractor, the PUC is requesting approval of this proposed resolution approximately eight months after the construction work was completed.

Recommendation: Approve the proposed resolution.

3/1/98
Eduardo V. Obispo

PUBLIC UTILITIES COMMISSION CAPITAL PROJECT BUDGET INITIATION/REALLOCATION

PUC FINANCE
ATTN: CARLOS JACOBO

DATE: 2/19/98

FR: Norman Chan

RE: ☐ NEW PROJECT BUDGET SETUP
☒ PROJECT BUDGET REALLOCATION

Type: <u>C</u>	UID: <u>EN</u>	Project: <u>R&R</u>	Phase: <u>R954</u>	Job Order No. <u>1582N (CW-156)</u>
Title: <u>425 Noriega Street Emergency Sewer Replacement</u>				Program: _____
Project Manager: <u>Norman Chan</u>				Dept. Rep.: _____

Dep/Div	Fund Type	Fund	Sub Fund	Index	*****BUDGET*****		
					Existing 1/12/90	Revision 7/1/98	Revised
Water/							
Hatchy/							
PUC/UEB							
12 DPW/BOE	SC	CPF	R&R	<u>NON-SC CPF R&R</u>	\$ 10,000.00		\$ 10,000.00
13 DPW/BCM	SC	CPF	R&R	<u>NON-SC CPF R&R</u>	\$ 20,000.00		\$ 20,000.00
40 Construction	SC	CPF	R&R	<u>NON-SC CPF R&R</u>	\$ 100,000.00	\$ (30,000.00)	\$ 70,000.00
60 BOE Consultant	SC	CPF	R&R		\$ 10,000.00	\$ 10,000.00	\$ 20,000.00
80 Other Direct Costs - Claims	SC	CPF	R&R		\$ -	\$ 20,000.00	\$ 20,000.00
TOTAL					\$ 140,000.00	\$ -	\$ 140,000.00

Type: _____	UID: _____	Project: _____	Phase: _____	
Title: _____				Program: _____
Project Manager: _____				Dept. Rep.: _____

Dep/Div	Fund Type	Fund	Sub Fund	Index	*****BUDGET*****		
					Existing	Revision	Revised
Water/							
Hatchy/							
PUC/UEB							
TOTAL							

EXPLANATION:

Additional Funds for Technical Services

APPROVED: _____
Project Manager UEB Management Finance Bureau

Use by PUC Finance: _____ Date Processed: _____ By: _____

July 24, 1997

RECEIVED

JUN 01 1998

BCM

INVOICE

Shimmick Construction Co., Inc.

24200 Clawiter Road
Hayward, CA 94545

(510) 293-1100

SOLD TO:

City and County of San Francisco
Public Utilities Commission
Utilities Engineering Bureau - Contract Admin. Div
Attention: Fe Bongolan
1155 Market Street, 5th Floor
San Francisco, CA 94103INVOICE NUMBER 43-1
INVOICE DATE 5/22/98
OUR JOB NUMBER 43

CONTRACT NO. CW-156

PROJECT:

Emergency Sewer Replacement
425 Noriega Street
San Francisco, CA
Contract No. CW-156

QUANTITY	DESCRIPTION	UNIT PRICE	AMOUNT
	First and final billing on above contract, per Time and Material work bills previously submitted		40,276.00
		SUBTOTAL	40,276.00
		TAX	
		FREIGHT	

Questions concerning this invoice?
Call: Bill Barend or Scott Fairgrieve
(510) 293-1100MAKE ALL CHECKS PAYABLE TO:
Shimmick Construction Co., Inc.\$40,276.00
PAY THIS
AMOUNT

S

Bob RKR



AGENDA ITEM

DEPARTMENT: Utilities Engineering Bureau

AGENDA NO. _____

MEETING DATE September 15, 1998

SUMMARY OF PROPOSED ACTION:

Approval of the Declaration of Emergency by the President of the Public Utilities Commission for Clean Water Program Contract No. CW-156, "425 Noriega Street Emergency Sewer Replacement" and Requesting the Board of Supervisors to approve the expenditure of funds for the emergency work to replace the structurally inadequate easement sewer parallel to Noriega Street near 11th Avenue (at 425 Noriega Street) between Moraga Street and Noriega Street.

DESCRIPTION OF PROPOSED ACTION:

The work performed under this Emergency consisted of repairing the broken 8-inch diameter vitrified clay pipe easement sewer and shoring it on sand-cement slurry, keyed into the undisturbed sand; removing the sand from the patio area; removing the vegetation and roots from the cavity created by the erosion; and regrading the slope and placing erosion control material on the surface.

On January 18, 1998, DPW Bureau of Street and Sewer Repair, the Fire Department, and the property owner of 425 Noriega Street built a temporary pipe for the broken sewer and a makeshift canal to channel any additional storm runoff to the street. On January 20, 1998, due to the nature of the emergency, PUC Sewer Operations requested immediate contract action to prevent any further damage to the property at 425 Noriega Street. As a result, DPW (Hydraulics and the Bureau of Construction Management) requested Treadwell and Rollo, a geotechnical engineering firm to conduct an analysis of the current situation and make recommendations for reconstruction of the slope and implementation of the repairs. Since immediate mobilization of a Contractor was required to prevent any further damage to the property, the first Contractor that was available to arrive on-site the same day was awarded the contract. The first contractor to respond was Shimmick Construction Co., Inc., and construction cost was negotiated to be on a Time and Material basis.

APPROVALS:

DEPARTMENT /
BUREAU

FINANCE

UTILITIES ENGR.
BUREAUGENERAL
MANAGERCOMMISSION
SECRETARY

Item 1c- File 98-1604

Department: Public Utilities Commission (PUC)
Department of Public Works (DPW)

Item: Resolution authorizing the expenditure of funds in the amount of \$136,725 for emergency work to repair the structurally inadequate sewer in York Street between Precita Avenue and Peralta Avenue.

Amount: \$136,725

Source of Funds: FY 1997-98 PUC Repair and Replacement Fund

Description: The Public Utilities Commission advises that on January 20, 1998, the sewer located in York Street between Precita Avenue and Peralta Avenue failed, and immediate repairs were required in order to protect the health, welfare, and property of the citizens of San Francisco. The PUC declared an emergency on January 20, 1998. In accordance with Section 6.30 of the Administrative Code, the PUC initiated expedited contract procedures, and awarded a contract to K.J. Woods Construction, Inc. (Woods), the low bidder, in the amount of \$86,000.

Budget: The total estimated project cost is \$136,725, including \$109,075 in actual construction costs (or \$23,075 more than the bid amount; see Comment No. 2) and \$27,650 for DPW engineering and construction management costs. Attachment I details the DPW engineering and construction management costs.

Comments: 1. Mr. P. T. Law of the DPW advises that Woods submitted the low bid for the emergency repair work. The table below lists the bidders and the amounts bid:

<u>Bidder</u>	<u>Bid Amount</u>
K.J. Woods Construction, Inc.	\$86,000
Alpine Construction, Inc.	\$93,480
Harty Pipelines, Inc.	\$94,230
Uniacke Construction Co., Inc.	\$102,800
J.M.B. Construction, Inc.	\$113,335
Ranger Pipelines, Inc.	\$116,764
Shaw Pipelines, Inc.	\$124,339

2. According to Mr. Law, DPW's Bureau of Construction Management identified the need for additional sewer repair and street reconstruction work subsequent to the contract award. Attachment II is a Change Order form showing the additional cost of \$23,075, which increased the final contract cost to \$109,075 from the bid amount of \$86,000.

3. Mr. Law reports that the repair work of the damaged sewer began on February 3, 1998 and was completed on March 2, 1998.

4. Mr. Law advises that due to various delays in receiving expenditure documentation from the Contractor, the PUC is requesting approval of this proposed resolution approximately seven months after the construction work was completed.

Recommendation: Approve the proposed resolution.

**Cost Breakdown for (J.O. #1581N, Contract #CW-155)
York Street Emergency Sewer Replacement**

Bureau of Engineering

Classification	Title	Rate	Hours	Cost
5504	Project Manager II	\$ 92	7	\$ 644
5206	Associate Civil Engineer	\$ 75	33	\$ 2,475
5202	Junior Civil Engineer	\$ 50	80	\$ 4,000
5368	Civil Engineering Associate II	\$ 60	99	\$ 5,940
5381	Engineering Student Trainee II	\$ 33	25	\$ 825
1426	Secretary	\$ 43	41	\$ 1,763
				\$ 15,647
				Rounded: \$ 15,650

Bureau of Construction Management

Classification	Title	Rate	Hours	Cost
5210	Senior Civil Engineer	\$ 100	6	\$ 600
5208	Civil Engineer	\$ 80	11	\$ 880
5204	Assistant Civil Engineer	\$ 59	98	\$ 5,782
5318	Construction Inspector	\$ 74	64	\$ 4,736
				\$ 11,998
				Rounded: \$ 12,000

CITY AND COUNTY OF SAN FRANCISCO
DEPARTMENT OF PUBLIC WORKS
Bureau of Construction Management

CHANGE ORDER

Project: YORK STREET EMERGENCY SEWER REPLACEMENT	Change Order No: 01
Date: 5-26-98	Contract No: CW 155E
To: Mr. Maurice Williams BCM, 1680 Mission Street, 4 th Floor San Francisco, CA 94103	Spec. No: 1581N
	Controller No: ENWP98000013
	Subject: ADDITION WORK SCOPE

The Contractor is hereby directed to provide all labor, materials, equipment, and supplies to complete the following work in conformance with applicable contract specifications.

1. The Scope of Work consisted of replacement of half a concrete street due to PG&E work scope along one side of York Street before the sewer construction and together with the sewer replacement that took place in the center of the street which caused the remaining street to be in an unstable condition. BCM and PG&E agreed to replace the street in a joint effort to minimize construction joint and to provide more uniform street surface to better serve the community. BCM share of cost is \$18,548.00

2. The other work scope consisted of Contractor encountering unforeseen lean concrete fill at an existing main sewer trench where the pipes were to be replaced. On top of that there was another cave in condition that occurred during construction other than the original cave in. Contractor requested \$4,527.00 for the force account work for this situation.

The original contract price is \$86,000.00. The total amount requested for change order #1 totals \$23,075.00. The forecast total for the contract is \$109,075.00.

Requesting to ADD the following to the Pay Schedule:

Item	Description	Quantity	Total Amount
C.O.#1	1. Concrete street reconstruction	Total area 4585 sq. ft	\$18,548.00
	2. Unforeseen site condition	force account dated 2-6-98	\$ 4,527.00
		2-13, 2-17, 2-20-98	\$23,075.00

The Contractor and the City acknowledge that this agreement constitutes full accord and satisfaction for all issues and claims addressed herein, including productivity losses, acceleration, re-sequencing of the work, escalation and/or claims submitted or not submitted by the subcontractors and suppliers. The contractor also agrees to identify the City against the schedule impact of all other known or unknown issues that have impacted the project schedule.

Plans Attached:

Estimated Cost:	Decrease \$	Increase \$	\$23,075.00
By Reason Of This Change Order, Contract Time Will Be Adjusted	N/A	Calendar Days	

<u>Distribution</u>	Change Request By: <u>Maurice Williams</u>	Date: <u>5-26-98</u>
Contractor (2) <input type="checkbox"/>	Cost Verified By: <u>Maurice Williams</u>	Date: <u>8/21/98</u>
Contract Admin. <input type="checkbox"/>	Construction Contracts & Estimating	
Controller <input type="checkbox"/>	Recommended By: <u>[Signature]</u>	Date: <u>8/24/98</u>
Constr. Management (2) <input type="checkbox"/>	Construction Management	
Constr. Contracts <input type="checkbox"/>	Recommended By: <u>[Signature]</u>	Date: <u>6-3-98</u>
Scheduling & Control <input type="checkbox"/>	Project Manager	
Project Engineer <input type="checkbox"/>	Accepted By: <u>[Signature]</u>	Date: <u>8/21/98</u>
Project Manager <input type="checkbox"/>	Construction	
	Approved By: <u>[Signature]</u>	Date: <u>8/21/98</u>
	BCM	

Notice to Contractors: You may proceed with the work specified herein when it is for \$20,000 or less and has been approved for the CCSF by the appropriate authority and signed by the Contractor. Payment will be authorized by the Controller.

PUC General Manager/Designee

Item 2 - File 98-1456

Note: This item was continued by the Finance Committee at its meeting of September 23, 1998.

Department: Airport Commission

Item: Resolution approving a new "North Terminal Concession Opportunity Lease" between Host International, Inc. (Host) and the City and County of San Francisco, acting by and through the Airport Commission.

Purpose of Lease: This new lease provides for Host's management of eight concession businesses in the Airport's North Terminal.

Lessor: City and County of San Francisco

Lessee: Host International, Inc.

Number of Sq. Ft.: Approximately 5,804 square feet in six retail spaces operated by eight concessionaires.

Amount Payable to Airport: The proposed lease would require Host to pay the Airport the greater of a minimum annual guarantee of \$1,200,000 for the first year of the lease term or a percentage of gross revenues realized by Host. According to the lease, the annual percentage of gross revenues is 12% for the first \$1,000,000, 14% between 1,000,001 and \$1,500,000, and 16% for all gross revenues in excess of \$1,500,000. The lease also provides for annual increases in the Minimum Annual Guarantee based on increases in the Department Store Inventory Price Index-Soft Goods¹ for the remaining four years of the lease term.

Term of Lease: Five years, estimated to begin on December 9, 1998, upon completion of the required renovation work by Host and to end on December 8, 2003.

Description: The proposed resolution would approve a new lease of the North Terminal Concessions at the San Francisco

¹ According to Ms. Judy Tabimina of the Airport, soft goods are defined as retail goods such as toys, sunglasses, and books. The Airport has determined that this price index is the most appropriate one to apply to leases for Airport concessions.

International Airport, entitled "North Terminal Concession Opportunity² Lease" between Host and the City. Under the proposed lease, the eight concessions would occupy a total of 5,804 square feet. Host would directly operate four of the eight concessions totaling 2,523 square feet, or approximately 43 percent of the total square footage. Host would also have two sub-lessees, including SunShade Holding Corporation (SunShade), a Minority-owned Business Enterprise (MBE), which would operate two concessions totaling 587 square feet, and CalStar Retail, Inc. (CalStar, formerly Del Duca Enterprises, Inc., the prior lessee), a Women-owned Business Enterprise (WBE), which would operate two concessions totaling 2,694 square feet. The 3,281 square feet sub-leased by the MBE and WBE constitute approximately 57 percent of the total square footage

The following table identifies the six retail spaces, the name of each concession business, the operator of each business, the types of goods sold by each business, and the square footage (SF) occupied by each business.

<u>Space</u>	<u>Name</u>	<u>Operator</u>	<u>Goods Sold</u>	<u>SF</u>
A	Awesome Atom's	CalStar	Educational Toys	1,692
B	SF News Exchange	Host	News, Retail Goods	312
C	SF News Exchange	Host	News, Retail Goods	311
D	Watch Zone	SunShade	Watches	337
E	Sun Shade Optique	SunShade	Sunglasses	250
F	Vroom-Toys that Travel	CalStar	Toys	1,002
F	Wilson's	Host	Leather Goods	898
F	Simply Books	Host	Books	<u>1,002</u>
Total				5,804

Prior to commencement of the proposed lease, Host is required to invest a minimum of \$150 per square foot to renovate the 5,804 square feet of space covered by the lease, or a minimum investment of \$870,600. The space consists of 2,652 square feet included in the prior lease with CalStar³ and 3,152 square feet to be

² According to Ms. Tabimina, the Airport's concession leases typically include the word 'Opportunity' to indicate the concessionaire's opportunity to conduct business at the Airport.

³ Del Duca's lease was for a total of 3,201 square feet. According to Ms. Tabimina, 549 square feet included in that lease have been leased separately to another lessor. The remaining 2,652 square feet are included in the proposed lease to Host.

included for the first time in the proposed lease to Host.⁴ According to Ms. Judy Tabimina of the Airport, Host began the renovation work on September 9, 1998. Attachment I provided by the Airport is a memorandum explaining why the Airport initiated this work prior to obtaining approval of the proposed lease by the Board of Supervisors.

According to Mr. Bob Rhoades of the Airport, Host and its sub-lessees have proposed new retail "concepts" for the proposed lease. Therefore, according to Mr. Rhoades, the Airport has not forecast future revenues to the Airport based on the percentages of gross rent. As shown in Attachment II provided by Mr. Rhoades, the total estimated revenue of \$6,121,206 to be paid by Host to the City over the five-year term of the lease is therefore based on the first-year Minimum Annual Guarantee of \$1,200,000 and projected annual increases of an estimated 1.0 percent over this first-year figure for the five-year term of the proposed lease. According to Mr. Rhoades, the 1.0 percent figure approximates the annual increases in the Department Store Inventory Price Index-Soft Goods during the five-year term of the prior lease with Del Duca. The \$6,121,206 estimated to be paid by Host is \$272,517 more than the \$5,848,689 paid by Del Duca (now CalStar) over the past five years, as shown in Attachment II.

Comments:

1. The Airport Commission adopted Resolution No. 98-0150 on June 23, 1998, recommending the award of the lease to the proposed lessee, Host International, Inc., based on a competitive bidding process. The award was based on the highest Minimum Annual Guarantee bid amount. According to Ms. Tabimina, the Minimum Annual Guarantee bid for the proposed lease was set at \$800,000 per year based on a study commissioned by the Airport. The Minimum Annual Guarantee for the period from May 15, 1997 to May 14, 1998, or the final year of the prior lease term with CalStar, was \$1,178,640 (on a \$98,220 monthly basis), or \$21,360 less than the proposed Minimum Annual

⁴ The 3,152 square feet were previously used for United Airlines' frequent flyer lounge, the 1K Club, according to Ms. Tabimina.

Guarantee of \$1,200,000. As shown in Attachment III provided by the Airport, two proposals for this lease were received by the Airport, one from Host and the other from Brookstone, Inc. As explained in Attachment III, the Airport found "that the Brookstone proposal was unacceptable."

3. The prior lease with CalStar expired on May 14, 1998. However, according to Ms. Tabimina, the Airport extended CalStar's lease through September 8, 1998, for the same monthly Minimum Annual Guarantee payment of \$98,220 required during the final year of CalStar's lease term.

4. The proposed lease provides that Host will either (a) obtain a surety bond in an amount equal to one-half of the minimum annual guarantee payment of \$1,200,000, or \$600,000, which would be payable to the Airport in the event of non-payment of rent or non-monetary default under the terms of the proposed lease, or (b) deposit with the Airport an Irrevocable Letter of Credit, Certificate of Deposit, Certified Check, Money Order, or Cashier's Check equal to an amount of one-half of the minimum annual guarantee payment of \$1,200,000, or \$600,000, as security for faithful performance of the lease terms by Host.

5. As noted above, according to Mr. Rhoades, Host began the renovation work required under the proposed lease on September 9, 1998. As previously noted, Attachment I provided by the Airport is a memorandum explaining why the Airport initiated this work prior to obtaining approval of the proposed lease by the Board of Supervisors.

Recommendation:

Approval of the proposed resolution is a policy matter for the Board of Supervisors since the Airport authorized Host to begin the renovation work under the proposed lease prior to obtaining approval of the lease by the Board of Supervisors and since the minimum annual guarantee was negotiated solely with Host.

Airport
Commission
City and County
of San Francisco
Willie L. Brown, Jr.
Mayor

Henry E. Berman
President
Roland A. Ouan
Vice President
Michael S. Strunsky
Larry Mazzola
Linda S. Crayton

JOHN L. MARTIN
Airport Director



San Francisco International Airport

GATEWAY TO THE PACIFIC

VIA FACSIMILE
(415) 252-0461

September 17, 1998

Mr. Nick Levinson
Budget Analyst
Board of Supervisors
War Memorial Building
401 Van Ness Avenue, Room 308
San Francisco, CA 94102

Subject: Host International, Inc.
North Terminal Concession Opportunity Lease

Dear Nick:

Host International, Inc. was awarded the North Terminal Concession Opportunity Lease by Airport Commission Resolution No. 98-0150, adopted June 23, 1998.

In cases such as this, due to the tight construction schedule and to ensure that facilities are operational in time for the holidays, we permit tenants to commence demolition before all of the requisite approvals are obtained which, in most cases, are routine. As a matter of practice, demolition always takes place as soon as the previous lease expires.

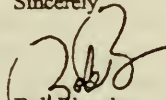
As you requested, enclosed please find the following information that you requested from Ms. Judy Tabimina of the Concession Development and Management Department:

- Copy of HRC's provisional approval.
- The Minimum Annual Guarantee of \$1.2 million is the key figure in this case. Since new concepts are being tried, we have not forecasted future revenues that would be tied to the percentage rent.
- In FY 97/98, CalStar Retail, Inc. grossed \$7,215,178 in revenues.
- Copy of the Consumer Price Index.

Mr. Nick Levinson
September 17, 1998
Page 2

Please fax your draft report (fax no. (650) 794-4005) for my review. Should you have further questions, please call me at (650) 794-5036.

Sincerely,



Bob Rhoades
Deputy Airport Director
Business and Finance

Enclosures

cc: Judy Tabimina



San Francisco International Airport

GATEWAY TO THE PACIFIC

AIRPORT COMMISSION

Department of Concession Development and Management

Post Office Box 8097
 San Francisco International Airport
 San Francisco, CA 94128
 TELEPHONE: (650) 794-4500
 FACSIMILE: (650) 794-4519

**F
A
X**

To:	Mr. Nick Levinson - City Budget Analyst Office
From:	Lorri A. Vasequez - Asst. Deputy Airport Director for Concession Development and Management Department
Date:	Friday, September 18, 1998
Fax:	(415) 252-0461
Re:	North Terminal Concession Opportunity Lease
# of Pages:	2, including cover sheet
<input type="checkbox"/> Please review and comment <input type="checkbox"/> Please handle <input type="checkbox"/> For your information <input type="checkbox"/> Please reply <input checked="" type="checkbox"/> Per your request	
You <input type="checkbox"/> will <input checked="" type="checkbox"/> will not receive a hard copy.	

Comments:

Mr. Levinson:

Per your request, the following is the anticipated minimum annual guarantee (MAG) for the Airport from Host International, Inc., Lessee for the North Terminal Concession Opportunity Lease. The term of this Lease is five years.

Year	Anticipated MAG
1	\$1,200,000
2	\$1,212,000
3	\$1,224,120
4	\$1,236,361
5	\$1,248,725

TOTAL: \$6,121,206

Attached is the off-calendar memo sent to the Airport Commission regarding the outcome of the North Terminal Concession Opportunity Lease RFQ/P process.

Attachment II
 Page 2 of 2

PO'd 78101

SEP 16 '98 11:49AM SFIA BUDGET/ FINANCE

P.22

Name:	Del Dosa Enterprises, Inc.					
SFIA Property Manager:	Judy Tabimine					
Type:	Concessionaire					
Location:	North Terminal Boarding Area 5					
A/C Resolution:	L92-0304					
Document:	L92-0304					
Revenue Code:	37521 (Formerly 9045)					
CPI Type:	Department Store Inventory Price Index - Soft Goods					

Adjustment Due Date	(A) Base Index May 15	(B) Comparison Index March 91	Bid Minimum	CPI (FY1A)	MAO Year	Month
1993	595		\$1,156,482.00		\$1,156,482.00	\$96,373.50
1994	595	597.9		1.0048739	\$1,162,118.63	\$96,843.22
1995	595	603.7		1.0146218	\$1,173,391.90	\$97,782.66
1996	595	606.1		1.0186553	\$1,178,056.71	\$98,171.39
1997	595	606.4		1.0191597	\$1,178,639.81	\$98,219.98
1998	595				\$0.00	\$0.00

TOTAL: \$5,848,689.05

09/18/98

P.02 914152520461

SEP-17-1998

Airport
Commission
City and County
of San Francisco
Willie L. Brown, Jr.
Mayor

Henry E. Berman
President
Roland A. Quan
Vice President
Michael S. Strunsky
Larry Mazzola
Linda S. Crayton

JOHN L. MARTIN
Airport Director



San Francisco International Airport

GATEWAY TO THE PACIFIC

MEMORANDUM

May 14, 1998

TO: AIRPORT COMMISSION
Hon. Henry E. Berman, President
Hon. Roland A. Quan, Vice President
Hon. Michael S. Strunsky
Hon. Larry Mazzola
Hon. Linda S. Crayton

FROM: Airport Director

SUBJECT: Approval of Proposal of Host International, Rejection of Proposal of Brookstone, and Authorization of Director to Negotiate Minimum Annual Guarantee for North Terminal Concession Opportunity Lease.

DIRECTOR'S RECOMMENDATION: ADOPTION OF THE ACCOMPANYING RESOLUTION WHICH APPROVES PROPOSAL OF HOST INTERNATIONAL, REJECTS PROPOSAL OF BROOKSTONE, AND AUTHORIZES DIRECTOR TO NEGOTIATE MINIMUM ANNUAL GUARANTEE FOR NORTH TERMINAL CONCESSION OPPORTUNITY LEASE.

Background

By Airport Commission Resolution No. 98-0051, the Airport Commission authorized staff to issue a Request for Qualification/Proposal (RFQ/P) for the North Terminal Concession Opportunity Lease. Host International and Brookstone submitted packages in response to the RFP/Q.

THIS PRINT COVERS CALENDAR ITEM NO. 8

Members, Airport Commission
May 14, 1998
Page 2

The goal of the RFQ/P was to ensure that prospective bidders were qualified and that their proposals were acceptable to the Airport. The proposals were reviewed by a five-member panel using the following criteria: Airport experience - 10 points, Tenant Mix - 70 points, Operations/Management Plan - 10 points, and Design Intent - 10 points. The Tenant Mix, the largest component of the score, addressed the proposed concept and theme, utilization of national, regional and local brand name companies, and the utilization of Disadvantaged Business Enterprise ("DBE") set-asides.

The reviewing panel determined that the Host proposal was acceptable; Host had adequate Airport experience, and the tenant mix, operation/management plan, and design intent were acceptable. In particular, Host's proposal stated that it would provide 57% of total square footage to DBE participation, which exceeds the Airport's requirement of 30%. The Human Rights Commission (HRC) is currently reviewing Host's Benefits Ordinance declarations and employee workforce plans to determine whether Host is in compliance with Chapter 12B of the Administrative Code. Certification of Benefits Ordinance compliance had not been received as of this writing but is expected shortly.

The panel determined that the Brookstone proposal was unacceptable. In particular, Brookstone's proposal did not identify a subleasing plan.

The rejection of Brookstone's proposal will result in only one eligible bidder, Host International, Inc. Under these rare circumstances, Airport staff has determined that a bid would not be in the best interests of the City. Instead, to maximize the rent structure, Airport staff recommends that Director be authorized to negotiate the Minimum Annual Guarantee with Host, which Minimum Annual Guarantee shall not be less than the Minimum Annual Guarantee specified in the RFQ/P, \$800,000.

Modifications to the Lease

Per the original Lease specifications, the Airport was to build, at its own cost, a common storefront framing on all of the stores. Staff has determined that only two facilities (Space B and F) will incorporate the common storefront framing. Further, due to the security checkpoint relocation occurring in the North Terminal, Space E will be relocated to a comparable location on the other side of Space C (map attached). These modifications will be conveyed to Host International and will be reflected in the final Lease.

Attachment III

Page 3 of 3

Members, Airport Commission
May 14, 1998
Page 3

Recommendation

Based upon the evaluation by the panel, I recommend adoption of the attached Resolution approving Host's Proposal, rejecting Brookstone's Proposal, and authorizing the Director to negotiate the Minimum Annual Guarantee, which will not be less than \$800,000, subject to Human Rights Commission's determination of Host's 12B Compliance. I will return to you for your approval of the negotiated Minimum Annual Guarantee and the award of the Lease.



John L. Martin
Airport Director

Prepared by: Bob Rhoades

Attachments

Item 3 – File 98-1503

Department: Ethics Commission

Item: Ordinance amending Article XIIC of the San Francisco Administrative Code by amending Article XIIC, Section 16.543(C) to add a fee schedule for campaign consultants and to require the Ethics Commission to evaluate the fee schedule in 1999 and propose any amendments to the fee schedule to the Board of Supervisors for approval by December 1, 1999.

Description: In November of 1997, the voters approved Proposition G, the Campaign Consultants Ordinance, Article XIIC, Sections 16.540 to 16.547 of the Administrative Code. The ordinance defines a campaign consultant as “any person or entity that receives or is promised economic consideration equaling \$1,000 or more in a calendar year for campaign consulting services”, which are in turn defined as “participating in campaign management or developing or participating in the development of campaign strategy.” The ordinance provides that campaign consultants who earn \$1,000 or more in a calendar year must register annually and report on a quarterly basis as to income received from clients and certain campaign expenditures. Under the ordinance, the Ethics Commission was to propose annual fees to be paid by campaign consultants, including (a) registration fees and (b) client fees for each of the campaign consultant’s clients. The Ethics Commission intends that these fees would defray the Ethics Commission’s expenses to administer the Campaign Consultants Ordinance. The proposed fees must be submitted for approval by the Board of Supervisors no later than December 1st for implementation during the following calendar year.

In accordance with Proposition G, this ordinance would establish a schedule of fees to be charged to campaign consultants for Calendar Year 1999. Specifically, (a) campaign consultants earning at least \$1,000 but not more than \$5,000 per calendar year would be exempt from payment of an annual registration fee but would be required to pay a \$50 annual fee for each of the campaign consultants’ clients; (b) campaign consultants earning

BOARD OF SUPERVISORS
BUDGET ANALYST

more than \$5,000 but not more than \$20,000 per calendar year would pay a \$300 annual registration fee and a \$100 annual fee for each client; and (c) campaign consultants earning more than \$20,000 per calendar year would pay a \$796 annual registration fee and a \$125 annual fee for each client.

The proposed ordinance also requires the Ethics Commission to evaluate, on or after July 1, 1999, the fees that would be established under this proposed ordinance, and to propose any changes in the fees for Calendar Year 2000 for approval by the Board of Supervisors by no later than December 1, 1999. If the Ethics Commission takes no action in 1999 regarding proposed fees for Calendar Year 2000, then the fees provided for in the proposed ordinance for Calendar Year 1999 would remain in effect.

Comments:

1. Proposition G, the Campaign Consultants Ordinance, required that the Ethics Commission propose a fee structure for approval by the Board of Supervisors by December 1st for implementation during the following calendar year. According to Ms. Naomi Starkman of the Ethics Commission, there are no existing fees in place for campaign consultants for Calendar Year 1998. As previously noted, the proposed fees would be effective for Calendar Year 1999.

2. According to Ms. Starkman, based on an estimated 50 campaign consultants and a total of 75 clients, or an average of 1.5 clients for each campaign consultant, the Ethics Commission estimates that 16 campaign consultants would earn between \$1,000 and \$5,000 during Calendar Year 1999; 15 campaign consultants would earn between \$5,001 and \$20,000 during Calendar Year 1999; and 19 campaign consultants would earn more than \$20,000 during Calendar Year 1999.

3. As shown in Attachment I provided by Ms. Starkman, the proposed fees are estimated to generate \$34,047 in Calendar Year 1999 or \$17,023 in revenue for Fiscal Year 1998-99.

4. The estimated \$17,023 in revenues for Fiscal Year 1998-99 was not included in the budget of the Ethics

Commission due to the lack of information available at the time the Ethics Commission's budget was prepared, according to Ms. Starkman. The proposed ordinance specifies that the fee revenues from campaign consultants realized by the Ethics Commission would accrue to the General Fund.

5. As shown in Attachment II provided by Ms. Starkman, the administrative costs of the Ethics Commission to administer the Regulation of Campaign Consultants Ordinance is estimated at \$39,822 for Calendar Year 1999 or \$19,911 for Fiscal Year 1998-99. According to Ms. Starkman, this \$19,911 cost is not included in the Ethics Commission's Fiscal Year 1998-99 budget. According to Ms. Starkman, the Ethics Commission plans to request a Supplemental Appropriation to cover these estimated costs of \$19,911 for Fiscal Year 1998-99. The proposed fee revenues would serve as a funding source for that Supplemental Appropriation request, according to Ms. Starkman. The estimated shortfall for Fiscal Year 1998-99 to administer the proposed ordinance would be \$2,888 (costs of \$19,911 less revenues of \$17,023). Based on estimated revenues of \$17,023 and estimated costs of \$19,911, the proposed revenues would recover approximately 85 percent of costs. The anticipated shortfall of \$2,888 would be absorbed in the Ethics Commission's Fiscal Year 1998-99 budget, according to Ms. Starkman.

6. According to Ms. Starkman, after receiving the final campaign consultant reports for FY 1998-99 and evaluating whether changes in the proposed fees are appropriate, the Ethics Commission could propose a revised fee schedule for Calendar Year 2000 for approval by the Board of Supervisors by no later than December 1, 1999 in accordance with the Campaign Consultants Ordinance. Although these fees were originally anticipated to fully recover the Ethics Commission's actual costs to administer the Campaign Consultants Ordinance, according to Ms. Starkman, the fees for Calendar Year 2000 would most likely be proposed at a level to recover an as-yet-undetermined percentage, rather than 100 percent, of the estimated costs, in order to maintain the fees at a reasonable level.

Recommendation: Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

STAFF'S RECOMMENDATION #1**Projected Cal. Year 1999 and FY 98-99 (6 months) Revenue from
Campaign Consultant Program****Filers Earning Between \$1,000 and \$5,000
(\$0 registration fee and \$50 client fee)**

	# of filers	Recommended Fee	Total
Campaign Consultant Registration	16	\$0	\$0
Client Registration	24	\$50	\$1,200
Late Filing Fine	13.3	\$50	\$665
	13.3	\$100	\$1,330

Cal. Year 1999 (12 months total)	\$3,195
FY 98-99 (6 months)	\$1,597
Cost of administration of program covered	8%

**Filers Earning More Than \$20,000
(\$796 registration fee and \$175 client fee)**

	# of filers	Recommended Fee	Total
Campaign Consultant Registration	19	\$796	\$15,124
Client Registration	28.5	\$175	\$4,988
Late Filing Fine	13.3	\$50	\$665
	13.3	\$100	\$1,330

Cal. Year 1999 (12 months total)	\$22,107
FY 98-99 (6 months)	\$11,053
Cost of administration of program covered	55%

**Filers Earning Between \$5,000 and \$20,000
(\$300 registration fee and \$100 client fee)**

	# of filers	Recommended Fee	Total
Campaign Consultant Registration	15	\$300	\$4,500
Client Registration	22.5	\$100	\$2,250
Late Filing Fine	13.3	\$50	\$665
	13.3	\$100	\$1,330

Cal. Year 1999 (12 months total)	\$8,745
FY 98-99 (6 months)	\$4,372
Cost of administration of program covered	22%

Total revenue for CY 99 = \$34,047
Total cost of administration for CY 99 = \$39,822
Total cost of program covered = 85%
Estimated shortfall = \$5,775

Revenue for FY 98-99 (6 mos.) = \$17,023
Cost of administration for FY 98-99 (6 mos.) = \$19,911
Cost of program covered for FY 98-99 = 85%
Estimated shortfall = \$2,888

Attachment 1

Annual Estimated Costs of Administering
Campaign Consultant Program

Tasks	Work Hours	Reproduction Costs	Mailing Costs
Advice	480		
Notification/Mailing	100	\$240	\$1,000
Intake/Receipt	60		
Facial Audit	60		
Quarterly Report Production/Distribution	320	\$256	\$150
Addition/Termination of Clients	200	\$6	
Bookkeeping	160		
Press Release	12		
Totals	1392	\$502	\$1,150

$1392 \times \$21^*$
 (salary) =
 $\$29,232 \times .21\%$
 (fringes) =
 $\$6,139 +$
 $\$29,232 =$
\$35,371

* Average salaries of Investigator/Auditor, Executive Director,
and Administrative Assistant

Task	Work Hours	Reproduction Costs	Mailing Costs
Formal Audit	120	\$20	\$20

$120 \times \$19^*$
 (salary) =
 $\$2,280 \times .21\%$
 (fringes) = \$479
 $+ \$2,280 =$
\$2,759

* Salary of Campaign Finance Auditor

	$\$35,371 +$ $\$2,759 =$		
TOTALS	\$38,130	\$522	\$1,170

GRAND TOTAL **\$39,822**

$\$39,822/50$ (estimated number of filers) =

\$796 campaign consultant registration fee

$\$796 \times .66$ (amount of time spent on filer) = \$525

$\$796 \times .33$ (amount of time spent on client) = \$262

$\$262/1.5$ (average number of clients) =

\$175 client registration fee

Item 4 – File 98-1600

Department: Parking Authority
Mayor's Office of Public Finance

Item: Resolution approving the issuance of Lease Revenue Refunding Bonds of the Parking Authority, for refinancing of bonds issued in 1988, which refinanced the original bonds used to fund the Moscone Center Garage, and approving the execution and delivery of a project lease between the Parking Authority, as Lessor, and the City, as Lessee (including certain indemnification provisions therein), approving a continuing disclosure certificate relating to said bonds, approving the form and circulation of an official statement relating to said bonds, authorizing the payment of certain costs of issuance from the proceeds of such bonds, ratifying previous actions taken in connection with the foregoing matters, and authorizing the taking of appropriate actions in connection therewith.

Amount: Not to exceed \$8,250,000

Description: In 1982, the Parking Authority issued \$11,470,000 in Lease Revenue Bonds to finance the construction of the Moscone Center Garage. In 1988, the Parking Authority issued \$10,065,000 in Lease Revenue Refunding Bonds to refinance the 1982 Bonds.

Approval of this resolution would authorize the Parking Authority to issue Lease Revenue Refunding Bonds, Series 1998-1, in an amount not to exceed \$8,250,000, in order to refund the previously authorized 1988 Bonds. According to Ms. Sarah Hollenbeck in the Mayor's Office of Public Finance, the existing bonds have an aggregate interest rate of 7.293 percent and were issued with a 20 year term, with a final payment date of December 1, 2008. According to Ms. Hollenbeck, the proposed bonds would have an estimated aggregate interest rate of 4.49 percent and would have a 10 year term with a final payment date of December 1, 2008. According to the proposed resolution, the maximum interest rate of any one maturity of the proposed bonds is 12 percent.

Ms. Hollenbeck estimates that this proposed refinancing of the 1988 Bonds will result in a total net present value savings in aggregate debt service ranging from \$482,000 to \$511,000, over the remaining ten year term of the bonds, depending on whether the Reserve Fund Requirement is met with cash or a Surety Policy (see Comment No. 1).

In addition to authorizing the issuance of refunding bonds, this subject resolution approves a new lease between the Parking Authority, as lessor, and the City, as lessee, of the Moscone Center Garage. Like the 1988 bonds, these subject refunding bonds would be secured primarily by base rental payments to be paid by the City, from Parking Revenue Fund monies¹, to the Parking Authority. The lease between the City and the Parking Authority would begin on the closing date of the bond sale, estimated to be November 19, 1998, and end on the earliest of a) December 1, 2008, or b) such earlier date as the outstanding bonds have been redeemed and all other amounts due have been paid or provision for their payment has been made, or c) the date of termination of the lease due to casualty or condemnation, in accordance with the terms of the lease.

The lease between the Parking Authority, as lessee, and the City, as lessor, contains an indemnification clause as follows: "To the extent permitted by law the City hereby agrees to indemnify and hold the Authority and its officers, directors and employees harmless against any and all liabilities (other than the negligence or willful misconduct of the Authority and its officers, directors and employees) that might arise out of or are related to the Project or any portion thereof (including, without limitation, arising out of any use, storage, release, presence or disposal of Hazardous Substances on or about the Project) and the Bonds, the City further agrees to defend the Authority and its directors in any action arising out of or related to the Project and the Bonds. The

¹ Rental payments for the Moscone Center Garage are paid from the Parking Revenue Fund, which is a subfund of the General Fund. Ms. Hollenbeck reports that the Moscone Center Garage is projected to generate sufficient revenue to the Parking Revenue Fund to pay the rent that would be due under the proposed refinancing and that additional General Fund monies would not contribute to the proposed rent payments.

provisions of this Section 12 shall survive the termination of this Project Lease."

Comments:

1. Ms. Hollenbeck reports that the principal that will be outstanding on the prior 1988 Bonds will be \$7,250,000 on the date the 1988 Bonds are called, which is projected to be December 1, 1998. The prior 1988 Bonds have a cash Reserve Fund which has a current balance of approximately \$1,005,125. The monies from the Reserve Fund would be released when the 1988 Bonds are defeased.² According to Ms. Hollenbeck, approximately \$708,000 of the liquidated \$1,005,125 would be used to fund a new cash Reserve Fund for the proposed refunding bonds.

As an alternative to establishing a new Reserve Fund, the Mayor's Office of Public Finance is awaiting bids from bond insurers to obtain a Surety Policy for the proposed refunding bonds, which is similar to an insurance policy and is used in lieu of a Reserve Fund. A Surety Policy on the Moscone Center Garage refunding bonds would cost approximately 4 percent of the amount of the Reserve Fund requirement, or \$28,320, which would be funded from the liquidated \$1,005,125 Reserve Fund on the 1988 Bonds.

As of the writing of this report, the Mayor's Office of Public Finance has not yet received bids from bond insurers and is unable to determine whether the Reserve Fund requirement will be met with cash or the acquisition of a Surety Policy. With either a cash-funded Reserve Fund or a Surety Policy, the remainder of the existing \$1,005,125 Reserve Fund monies would be expended toward the cost of issuance of the proposed new refunding bonds and toward the redemption of the current bonds, with the balance released to the Parking Authority for capital projects.

2. Ms. Hollenbeck notes that these subject refunding bonds, issued in an amount not to exceed \$8,250,000, would be tax exempt bonds. The exact amount of the bond

² Defeasance is the term used to describe the termination of all rights and interests of the bondholders upon final payment of all debt service, in the manner required by the terms and conditions of the bond resolution.

issuance will not be known until the date of the competitive sale, as the interest rate will affect the aggregate principal amount needed to fund the refunding escrow account (see Comment No. 3), cost of issuance, bond insurance, and either a cash Reserve Fund or a Surety Policy.

3. According to the Mayor's Office of Public Finance, the subject refunding bonds must be sold in advance of defeasing the 1988 Bonds. Ms. Hollenbeck reports that proceeds from the sale of the subject refunding bonds will most likely be invested in Treasury securities which will mature on December 1, 1998, at which time the 1988 Bonds will be defeased. The price of the Treasury securities purchased, which will fund an escrow fund created to defease the 1988 Bonds, will not be known until such securities are purchased and may also affect the par amount of the refunding bonds issued.

4. In accordance with this subject resolution, the cost of issuance of the refunding bonds are not to exceed \$350,000 and are to be paid with bond proceeds and/or the available cash which had funded the Reserve Fund for the 1988 bonds.

5. This subject resolution also ratifies previous actions taken in connection with the proposed refunding bonds, authorizes taking future actions in connection with the refunding bonds, and approves the form of several documents to be executed in connection with this subject refunding, including 1) a Continuing Disclosure Certificate, 2) an Official Statement, and 3) as noted above, the lease between the City and the Parking Authority for the Moscone Center Garage.

6. According to Ms. Theresa Alvarez of the City Attorney's Office, the indemnification clause in the lease between the City and the Parking Authority is the standard clause included in other previously approved City leases with public entities.

Recommendation: Approve the proposed resolution.

Item 5 – File 98-1560

Department: Mayor's Office of Housing (MOH)

Item: Resolution authorizing the issuance and delivery of Multifamily Housing Revenue Bonds, Series 1998A and Series 1998B, in an aggregate principal amount not to exceed \$2,500,000 for the purpose of refunding bonds previously issued to provide financing for a multifamily rental housing project, authorizing the sale of the bonds, approving the form of and authorizing the execution of an indenture providing the terms and conditions of the bonds, approving the form of and authorizing the execution of the bond placement agreement providing the terms and conditions for the sale of the bonds, approving the form of and authorizing the execution of an amendment to the financing and regulatory agreement, approving the form of and authorizing the execution of a loan agreement, approving the form of and authorizing the preparation and distribution of a preliminary official statement relating to the bonds, approving the form of and authorizing the execution and distribution of an official statement relating to the bonds, approving the form of and authorizing the execution of a subordination agreement, approving and authorizing the execution and delivery of any document necessary to implement this resolution, ratifying and approving any action heretofore taken in connection with the bonds, the project and the refunding of the prior bonds, and related matters.

Amount: Not to exceed \$2,500,000

Description: In 1985, the City financed the construction of an 82-unit multifamily rental housing development known as Aspen South Hills Apartments Project (Project), located on approximately 5.6 acres south of Kiska Street and east and west of Reardon Road in the Hunters Point area, with the issuance of \$2,600,000 in Multifamily Housing Revenue Bonds, and made a loan of the proceeds to the Aspen South Hills Apartments Company, a California Limited Partnership. The current outstanding debt on the prior 1985 Bonds will be \$2,410,000 as of December 1, 1998. The property is owned by the Housing Authority, and was leased to Aspen South Hills Apartments

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Company in 1984 for 75 years to operate low income housing. Aspen South Hills is a 100 percent affordable housing development project.

Approval of this proposed resolution would authorize the issuance of refunding bonds, in an amount not to exceed \$2,500,000, to refinance the prior 1985 Bonds. According to Mr. Joe LaTorre of the Mayor's Office of Housing (MOH), only \$2,330,000 is expected to be issued in the subject refunding bonds, but the final bond amount may change depending on the interest rate assigned on the day of the bond sale.

Mr. LaTorre reports that of the \$2,330,000 total, an estimated \$2,270,000 will be issued in tax exempt bonds and approximately \$60,000 will be issued in taxable bonds. The interest rate on the existing tax exempt bonds is 9 percent. The proposed tax exempt bonds, if issued at this time, would have an estimated interest rate of 6 percent (see Comment No. 1). The taxable bonds are expected to have an interest rate of approximately 6 percent, also. Mr. LaTorre estimates that the proposed refunding of the 1985 bonds would result in a net present value savings in bonded indebtedness of \$918,395 over the remaining 28 year term of the bonds. The Attachment to this report, provided by Mr. LaTorre includes a description of such estimated savings.

Additionally, the Federal National Mortgage Association (Fannie Mae) will, through a Collateral Agreement with the Trustee, provide a guarantee of payment of principal and interest on the subject refunding bonds, which will remain in place for the life of the bonds. As a result, the Reserve Fund for the current outstanding bonds will be released after defeasing¹ the current outstanding bonds, since the guarantee will be provided by Fannie Mae on the proposed refunding bonds. The Reserve Fund currently totals \$455,000, of which \$200,000 will be expended by the owner to fund deferred maintenance on the Aspen South Hills Project. The remaining \$255,000 (\$455,000 less \$200,000) will be applied to (a) defeasing

¹ Defeasance is the term used to describe the termination of all rights and interests of the bondholders upon final payment of all debt service, in the manner required by the terms and conditions of the bond resolution.

the current bonds, (b) establishing a new Reserve Fund, and (c) partial payment of the cost of issuance. The total estimated cost of the bond issuance is \$186,000 according to Mr. LaTorre.

Comments:

1. Neither the interest rate nor the final bond amount will be able to be set until the bonds are priced immediately before closing. According to Ms. Theresa Alvarez in the City Attorney's Office, preliminary estimates indicate that approximately \$2,270,000 of the subject Refunding Bonds would qualify as tax exempt. This subject resolution states that the tax exempt bonds must be issued at an interest rate below 7.75 percent. As noted above, the MOH advises that if the bonds were issued at this time, the tax exempt bonds would have an estimated interest rate of 6 percent.

2. Ms. Alvarez reports that with the subject resolution to issue refunding bonds, which is a conduit financing for a private developer, applicable tax laws necessitate that some issuance costs be funded by a source outside of the tax-exempt bonds issuance, such as taxable bonds. Hence, an estimated \$60,000 of taxable bonds will be issued and the proceeds will partially fund the estimated \$186,000 cost of the issuance of all of the bonds. This subject resolution states that the taxable bonds must have an interest rate which would not exceed 8 percent. The MOH estimates that the taxable bonds will have an interest rate of approximately 6 percent.

3. According to Mr. LaTorre, for bond issuances of under \$10 million, competitive sale of bonds is rarely practical. As such, Mr. LaTorre reports that the City and Aspen South Hills Apartment Company, the developer, have negotiated a private placement of the bonds with Bank of America Community Development Bank, which would purchase the bonds on behalf of Bank of America Federal Savings Bank.

4. Debt on the prior 1985 Bonds is serviced every six months, with the next payment due on December 1, 1998. Mr. LaTorre reports that in order to defease the prior bonds on December 1, 1998, this subject resolution must be approved by the Finance Committee, adopted by the full Board of Supervisors, signed by the Mayor and the

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transaction closed prior to October 31, 1998 in order to give the bondholders the mandatory 30-day notice of redemption. According to Mr. LaTorre, if the City does not meet these deadlines, retirement of the prior 1985 Bonds and issuance of the subject Refunding Bonds would have to wait until June 1999, which would result in an estimated \$12,000 in additional interest costs at current interest rates and would subject the future refunding to uncertainty about interest rates.

5. The prior 1985 Bonds were issued with a 40 year term, with a final payment date of December 1, 2026. Mr. LaTorre notes that the MOH also has a 40 year agreement with the developer to maintain affordability standards, which will expire in 2026. As such, MOH plans to issue the tax exempt Refunding Bonds with a 28 year term, with a final payment date of December 1, 2026. The taxable bonds will mature on December 1, 2000.

6. This subject resolution also ratifies previous actions taken in connection with the proposed refunding bonds, authorizes taking future actions in connection with the refunding bonds, and approves the form of several documents to be executed in connection with this subject refinancing, including (a) an Indenture providing the terms and conditions of the bonds, (b) the Bond Placement Agreement, (c) the loan agreement between the City and the developer, (d) an Official Statement, and (e) a Subordination Agreement.

Recommendation: Approve the proposed resolution.

City and County of San Francisco
Multifamily Housing Revenue Bonds, Series 1985
(FHA Insured Mortgage Loan / Aspen - South Hills Apartments Project)

Refunding Debt Service Savings

	Existing Debt Service		Debt Service	Refunding Debt Service	Debt Service Savings	6.25% PV Savings	
	Principal	Interest					
10/28/98							
5/1/99	10,000	110,700	120,700	101,647	19,053	1.2	18,572
12/1/99	10,000	110,250	120,250	88,440	31,810	2.2	29,745
5/1/00	10,000	109,800	119,800	82,850	36,950	3.2	33,502
12/1/00	10,000	109,350	119,350	87,406	31,943	4.2	28,084
5/1/01	10,000	108,900	118,900	86,818	32,083	5.2	27,353
12/1/01	10,000	108,450	118,450	86,228	32,223	6.2	26,639
5/1/02	15,000	108,000	123,000	85,638	37,363	7.2	29,959
12/1/02	10,000	107,325	117,325	85,048	32,276	8.2	25,082
5/1/03	15,000	106,875	121,875	89,458	32,418	9.2	24,437
12/1/03	10,000	106,200	116,200	83,720	32,480	10.2	23,742
5/1/04	15,000	105,750	120,750	88,130	32,620	11.2	23,122
12/1/04	15,000	105,075	120,075	87,393	32,683	12.2	22,483
5/1/05	16,000	104,400	119,400	81,663	37,745	13.2	25,158
12/1/05	15,000	103,725	118,725	81,065	37,660	14.2	17,877
5/1/06	20,000	103,050	123,050	86,180	37,870	15.2	23,735
12/1/06	20,000	102,150	122,150	84,443	37,708	16.2	22,817
5/1/07	20,000	101,250	121,250	83,705	37,545	17.2	19,180
12/1/07	20,000	100,350	120,350	87,820	32,530	18.2	18,590
5/1/08	20,000	98,450	118,450	86,935	32,515	19.2	18,018
12/1/08	20,000	98,550	118,550	88,060	32,500	20.2	17,464
5/1/09	25,000	97,650	122,650	85,165	37,485	21.2	19,593
12/1/09	20,000	96,825	116,825	89,280	27,245	22.2	13,787
5/1/10	25,000	95,825	120,825	88,248	32,378	23.2	15,864
12/1/10	25,000	94,500	119,500	87,215	32,285	24.2	15,340
5/1/11	30,000	83,375	123,375	88,183	37,193	25.2	17,138
12/1/11	25,000	82,025	117,025	90,180	26,875	26.2	12,007
5/1/12	30,000	80,900	120,900	83,970	36,930	27.2	15,999
12/1/12	30,000	89,550	119,550	87,038	31,613	28.2	19,281
5/1/13	35,000	84,290	123,290	91,758	31,443	29.2	12,809
12/1/13	35,000	86,625	121,625	85,430	36,195	30.2	14,298
5/1/14	35,000	85,050	120,050	89,250	30,800	31.2	11,798
12/1/14	35,000	83,475	118,475	87,823	30,553	32.2	11,349
5/1/15	40,000	81,900	121,900	91,395	30,305	33.2	10,916
12/1/15	40,000	80,100	120,100	85,120	34,980	34.2	12,218
5/1/16	40,000	78,300	118,300	88,789	29,508	35.2	9,894
12/1/16	45,000	76,500	121,500	92,318	29,183	36.2	9,583
5/1/17	50,000	74,475	124,475	85,605	38,780	37.2	12,351
12/1/17	45,000	72,225	117,225	88,220	28,005	38.2	8,649
5/1/18	55,000	70,200	125,200	92,598	32,603	39.2	8,764
12/1/18	50,000	67,725	117,725	90,828	26,896	40.2	7,811
5/1/19	55,000	65,475	120,475	88,058	31,418	41.2	8,847
12/1/19	60,000	63,000	123,000	87,288	35,713	42.2	9,752
5/1/20	60,000	60,300	120,300	90,518	29,783	43.2	7,880
12/1/20	65,000	57,600	122,600	93,600	29,000	44.2	7,446
5/1/21	70,000	54,675	124,675	91,833	33,140	45.2	6,251
12/1/21	70,000	61,525	121,525	89,470	32,065	46.2	7,738
5/1/22	70,000	48,375	118,375	92,405	25,970	47.2	6,080
12/1/22	80,000	45,225	125,225	90,183	35,033	48.2	7,853
5/1/23	80,000	41,625	121,625	92,980	28,645	49.2	6,306
12/1/23	85,000	38,025	123,025	90,620	32,405	50.2	6,918
5/1/24	90,000	34,200	124,200	93,260	30,940	61.3	6,405
12/1/24	40,000	30,150	70,150	90,753	20,603	52.2	4,138
5/1/25	150,000	28,350	178,350	83,245	85,105	53.2	16,688
12/1/25	100,000	21,600	121,600	20,600	101,010	54.2	19,060
5/1/26	85,000	17,100	102,100	0	102,100	55.2	18,888
12/1/26	295,000	12,275	308,275	0	308,275	56.2	54,715

6,935,026

4,718,812

2,216,213

PV savings 218,395

1985 bonds outstanding 2,410,000

PV savings divided by 1985 bonds outstanding

38.11%

Item 6 - File 98-1442

Item: Ordinance amending Part I of the San Francisco Administrative Code by adding Chapter 21C, to require adjustments to bids or proposals for the purpose of evaluating contracts for the purchase of commodities in order to reflect Sales Tax revenues which would be realized by the City, the San Francisco Unified School District (SFUSD), the San Francisco Community College District (SFCCD), and the San Francisco Transportation Authority, and Business Tax revenues that would be realized by the City as the result of the procurement of commodities from a San Francisco-based vendor.

Description: In evaluating the price of a bid or proposal for contracts to sell commodities to City Departments, City Departments are not currently authorized to take into account the local tax benefits, such as direct Sales Tax revenue paid to the City, the SFUSD, the SFCCD and the San Francisco Transportation Authority and Business Tax revenue paid to the City, generated by such purchase. For purposes of this legislation, a contract is defined as "an agreement for the purchase of commodities, including an agreement for services which includes the purchase of commodities, at the expense of the City, with an estimated values of commodities in excess of \$1,000, where any part of the transaction would be subject to Sales Tax."

The proposed ordinance would require City contract awarding authorities (but not the SFUSD, the SFCCD or the Transportation Authority) to take into account local tax benefits in evaluating the price of commodities being sold to the City. Specifically, each bid or proposal that includes consideration of price would be evaluated to determine whether a purchase from a potential vendor would generate Sales and Business Tax revenues for the City, for the SFUSD, the SFCCD and the Transportation Authority.

Existing procurement procedures, as defined in the Administrative Code, generally requires City Departments to procure commodities through competitive solicitation, and may include award to the lowest bidder, or may otherwise take price into consideration. The proposed ordinance would additionally require City Departments to take into consideration the local tax benefits when evaluating the low bids. Specifically, each bid or proposal that requires consideration of price would be evaluated to determine whether a purchase from the bidder would generate Sales and Business Tax revenue for the City and Sales Tax revenue for the SFUSD, the SFCCD, or the San Francisco Transportation Authority. In such an event, for the

purpose of comparing the prices of bids or proposals, and for the purpose of determining the low bid, each bid would be reduced by the amount of Sales Tax and Business Tax revenue that would be paid to the City and the Sales Tax revenue that would be paid to the SFUSD, SFCCD, or the Transportation Authority.

For example, Sales Tax collections that originate from within the City of San Francisco, based on the current Sales Tax rate of 8.5 percent, are distributed in the following manner:

<u>Composition of Sales Tax Rate</u>	
<u>State</u>	
State - General Fund	5.00%
State - Health and Welfare (Realignment)	0.50%
State - Public Safety ¹	<u>0.50%</u>
Subtotal - State	6.00%
Bay Area Rapid Transit District	0.50%
<u>Indirect City Sales Tax Revenue</u>	
Muni TDA ² Funds	0.25%
<u>Direct City/County, SFUSD, SFCCD and Transportation Authority Revenue</u>	
City General Fund	1.00%
SF Transportation Authority	0.50%
Schools Public Financing Authority (SFUSD, SFCCD)	<u>0.25%</u>
Subtotal - City/County, SFUSD, SFCCD and Transportation Authority	<u>1.75%</u>
Total Sales Tax Rate	8.50%

Sales Taxes on purchases from a non-San Francisco-based vendor are assessed at the "point of sale", which is the location of the vendor's

¹ State - Public Safety (0.50%) Sales Tax proceeds are pooled by the State and allocated to California Cities and Counties for the purpose of supporting the cost of additional public safety programs, such as Police services and Fire protection.

² Transit Development Act (TDA) funding allocated directly to the Municipal Railway operating budget through the Metropolitan Transportation Commission (MTC).

sales office, and the City would not receive the benefit of its share of the Sales Tax revenue.

As can be seen from the table on the previous page, revenues produced by 1.75 percent of the 8.5 percent Sales Tax rate are allocated directly, in relation to the dollar volume of sales made to the City, the SFUSD, the SFCCD and the San Francisco Transportation Authority. Therefore, if the City were to select a San Francisco-based vendor for a purchase of \$10,000 in goods or services which require the payment of Sales Taxes, the total Sales Taxes paid on that purchase would amount to \$850 (8.5 percent of \$10,000). Of the total Sales Tax of \$850, a total of \$175 (1.75 percent of \$10,000) would directly benefit the City, the SFUSD, the SFCCD and the Transportation Authority. The General Fund would receive one percent or \$100. The Transportation Authority would receive 0.5 percent or \$50. The Schools Financing Authority (the SFUSD and SFCCD) would receive 0.25 percent or \$25.

Under this proposed ordinance, the \$175 in Sales Tax proceeds that would benefit the City, the SFCCD, the SFUSD and the San Francisco Transportation Authority would be deducted from the bidder's bid or proposal price for purposes of determining the low bid and evaluating the price of the commodity being purchased against competing bids or proposals.

With regard to Business Taxes, San Francisco businesses must pay the higher of the computed Employee Payroll Tax liability or the Gross Receipts Tax liability, if such liability is more than \$2,500 annually. In general, the Employee Payroll Tax is computed as 1.5 percent of a business' payroll and the Gross Receipts Tax varies between 0.123 to 0.3 percent of Gross Receipts for most businesses.

Since the Employee Payroll Tax cannot be directly linked to the amount of a sale, it cannot be used to adjust the prices of bids or proposals to reflect the City's tax benefit. Therefore, this proposed ordinance includes a price adjustment based on the amount of the Gross Receipts Tax the bidder would pay, regardless of whether the bidder actually pays the Employee Payroll Tax or the Gross Receipts Tax.

Comments: 1. As shown in the table on the previous page, the City, the San Francisco Transportation Authority and the Schools Public Financing Authority (SFUSD and SFCCD) benefit directly from 1.75 percent of the 8.5 percent Sales Tax rate for sales made in San Francisco.

Indirect allocations of Sales Tax revenue for Public Safety, Muni Transit Development Act (TDA) revenue and Health and Welfare ("Realignment") Sales Tax revenue are also made by the State to the City. However, such indirect allocations are not based on the actual Sales Tax collections resulting from sales within the City. The proposed ordinance should therefore be amended to insert the word "direct" before every mention of "Sales Tax" revenue.

2. In the professional judgement of the Budget Analyst, the proposed ordinance would not result in additional costs to the City. Any price adjustment which reduces the bid price to reflect the amount of the Sales Taxes and Business Taxes generated and that results in the City paying more than the low bid for commodities from a San Francisco-based vendor would be offset by the increased Sales Tax revenue and Business Tax revenue which would not be realized if the purchase were made from a vendor located outside of San Francisco. With respect to the Sales Tax, such revenue would not accrue to the City, the SFUSD, the SFCCD and the Transportation Authority if the purchase were made from a vendor located outside of San Francisco. If the vendor does not have a place of business or employees in San Francisco, the vendor would likewise not be subject to the City's Business Tax.

3. Mr. Bill Jones, Supervising Purchaser of the Purchasing Department, informs the Budget Analyst that administration of the proposed ordinance would require the one-time development of revised purchasing procedures. Such revised procedures would instruct the Purchasing Department's buyers and City Departments as to the proper method of granting price adjustments to bids and proposals for the purchase of commodities to reflect the Sales Taxes and Business Taxes which will be realized by the City. In developing such procedures, the Purchasing Department would request assistance from the Controller in order to assure that price adjustments accurately reflected the tax benefits to the City, the SFUSD, the SFCCD and the San Francisco Transportation Authority. However, according to Mr. Jones, no additional increased administrative costs are anticipated as a result of this proposed ordinance.

Recommendation: Amend the proposed ordinance by inserting the word "direct" before every mention of "Sales Tax" in accordance with Comment 1.

Approval of the proposed ordinance, as amended, is a policy matter for the Board of Supervisors.

Item 7 – File 98-1557

Department: Administrative Services - County Clerk
Assessor-Recorder

Item: Ordinance amending Chapter 8 of the San Francisco Administrative Code by repealing Section 8.33, which sets certain fees for the Office of the County Clerk-Recorder, and adding Section 8.33.1, to set certain fees for the Office of the County Clerk, and Section 8.33.2 to set certain fees for the Office of the County Assessor-Recorder.

Description: Administrative Code Section 8.33 presently sets certain fees for the Office of the County Clerk-Recorder. However, the 1996 Charter separated the County Recorder function from the County Clerk-Recorder and merged the Recorder with the Assessor's Office. This proposed ordinance would repeal Section 8.33 of the Administrative Code and create two new sections; Section 8.33.1 (County Clerk's Fees) and Section 8.33.2 (County Assessor-Recorder's Fees).

The County Clerk charges many fees that are authorized by State Codes, and such fees are not included in the City's Administrative Code. However, if the County Clerk determines that fee levels specified in the State Code are insufficient to cover the County Clerk's costs, an amendment to the City's Administrative Code is proposed to add the specific fee and the increased fee levels.

The Attachment to this report provides a table that contains a) the existing County Clerk's fees under Section 8.33 of the Administrative Code which is to be repealed; b) the same County Clerk fees under new Section 8.33.1; c) County Clerk fees which are being added under new Section 8.33.1; and, d) County Assessor-Recorder fees which were formerly under Section 8.33 but are now under new Section 8.33.2.

The County Clerk has recently conducted an internal audit of its actual costs, using a methodology developed by a consultant for a similar study in 1994. Most such fees have not changed, with the following exceptions:

- The County Clerk fee covering the cost of issuing a duplicate marriage license is increased from \$5 to \$10. This fee has been charged by the County Clerk for many years at the State

specified \$5 level, but has never been included in the Administrative Code.

- The proposed ordinance decreases one County Clerk fee for provision of copies of records on file from \$.50 per page (after the first three pages) to \$.10 per page (after the first three pages).
- The proposed ordinance would authorize the County Clerk to charge two new fees for new State mandated duties:
 - \$7.00 fee for the processing of fingerprint cards for process servers;
 - \$10.00 fee for the cost of issuing identification cards for process servers.

The \$10 fee for identification cards for process servers has been charged by the County Clerk since the State mandated that the County Clerk assume these responsibilities as of January 1, 1998.

- Fees for the cost of supplying information about fictitious business name statements on computer diskette (\$1.00 for the diskette, \$9.50 for records of one day or one week, \$20.00 for records of two weeks or one month, \$10.00 for the optional handling of delivery service, and \$15.00 for processing a first time order - "new client fee"). According to Deputy City Attorney Mario Kashou, these fees are in conformance with the Sunshine Ordinance which requires each department to provide data in its possession in electronic form if so requested.

Comment:

1. According the Ms. Nancy Alfaro, County Clerk, the fees for issuing identification cards for process servers have been charged since January 1, 1998 when the State mandated that the County Clerk assume that responsibility. Also, fees for the provision of fictitious business name statements on computer diskette have been charged since 1993, without Board of Supervisors approval of an ordinance amending the Administrative Code. Therefore, the proposed ordinance should be amended to provide for retroactivity.

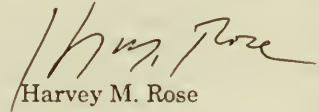
2. The fee revenues and related fees listed in the Attachment to our report are reflected in the FY 1998-99 budget as follows:

County Clerk Fees (Administrative Services Budget)	\$1,293,000
County Assessor-Recorder's Fees (Assessor-Recorders Budget)	\$893,000

According to Ms. Alfaro the fees shown on the Attachment are expected to generate the same amount of revenues in FY 1998-99 as has been approved in the County Clerk's FY 1998-99 budget. The increased fee for a duplicate marriage license (from \$5 to \$10) and the new fee for fingerprint cards for process servers (\$7) is expected to offset any revenue reduction due to the decrease in the fee for the provision of copies of records on file (from \$.50 per page after the first three pages to \$.10 per page after the first three pages). Revenue from the fees for identification cards for process servers and provision of fictitious business name statements on computer diskettes is expected to remain the same because, as noted above, the County Clerk is already charging fees for this purpose.

According to Mr. Greg Diaz, Chief Deputy Recorder, since the Assessor-Recorder's fees are not changing, the fees shown on the Attachment are expected to generate the same amount of revenues in FY 1998-99 as has been approved in the Assessor-Recorder's FY 1998-99 budget.

- Recommendations:**
1. Amend the proposed ordinance to provide for retroactivity.
 2. Because the proposed ordinance would amend the Administrative Code to conform to the 1996 Charter, which transferred the Recorder function from the County Clerk to the Assessor's Office, and some fees are adjusted to reflect the City's actual costs, the Budget Analyst recommends that the proposed ordinance, as amended, be approved.



Harvey M. Rose

cc:	Supervisor Teng	Clerk of the Board
	President Kaufman	Controller
	Supervisor Newsom	Gail Feldman
	Supervisor Ammiano	Matthew Hymel
	Supervisor Bierman	Stephen Kawa
	Supervisor Brown	Ted Lakey
	Supervisor Katz	
	Supervisor Leno	
	Supervisor Medina	
	Supervisor Yaki	
	Supervisor Yee	

EXISTING FEES (Section 8.33)

COUNTY CLERK'S FEES	
Marriage licenses (regular)	\$69.00
Filing confidential marriage certificates	74.00
Marriage ceremonies in City Hall	30.00
Issuance of authority to marry and oath	50.00
Filing fictitious business name statement	35.00
Additional name filings	9.00
Withdrawals and abandonments	24.00
Filing, revoking or canceling notary public bond	28.00
Filing power of attorney (surety insurer)	19.00
Additional Names	9.00
Authentication of public official	10.00
Copies of records or papers on file (per page, retrieval by Clerk-Recorder staff, pages 1 through 3)	3.00
(each additional page)	0.50
Conforming copies surcharge	1.00
Duplicates of Recorded maps (first page)	5.00
(each additional page)	3.00
Copies of records or papers on file (per page, retrieval by Clerk-Recorder staff, pages 1 through 3)	3.00
(each additional page)	0.50
Conforming copies surcharge	1.00
Microfilm of daily film of records (per roll)	25.00
Microfiche (per frame)	2.00

PROPOSED FEES (Section 8.33.1 and 8.33.2)

COUNTY CLERK'S FEES (Section 8.33.1)	
Public marriage license	\$69.00
Confidential copy of marriage license	74.00
Performance of marriage/domestic partners ceremony in City Hall	30.00
Issuance of authority to marry and oath	50.00
Filing fictitious business name statement	35.00
Additional name or registrant on same statement	9.00
Withdrawing partner or abandoning fictitious business statement	24.00
Filing notary public bond	28.00
Filing, revoking, canceling or withdrawing power of attorney (surety insurer)	19.00
Additional name	9.00
Authentication of public official/notary public	10.00
Copies of records on file (per page, pages 1 through 3)	3.00
(each additional page)	0.10
Certifying/endorsing documents or copies of documents	1.00
County Clerk Fees Added to the Administrative Code	
Duplicate copy of marriage license	10.00
Process server identification card	10.00
Processing of fingerprint cards (not including State fee)	7.00
Fictitious business name records on disc	
Records for one day	9.50
Records for one week	9.50
Records for two weeks	20.00
Records for one month	20.00
Diskette	1.00
New client fee	15.00
Delivery handling fee	10.00
COUNTY ASSESSOR-RECORDER'S FEES (Section 8.33.2)	
Duplicates of Recorded maps (first page)	5.00
(each additional page)	3.00
Copies of records on file (per page, pages 1 through 3)	3.00
(each additional page)	0.50
Certifying/endorsing documents or copies of documents	1.00
Microfilm of daily film of records (per roll)	25.00
Microfiche (per frame)	2.00

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City and County of San Francisco
Meeting Minutes - DRAFT
Special Finance Committee

Members: Supervisors Michael Yaki, Leslie Katz, Mark Leno

Clerk: Gail Johnson

Veterans Building
401 Van Ness Avenue,
Room 308
San Francisco, CA
94102-4532

Wednesday, October 14, 1998

10:00 AM

Veterans Building, Legislative Chamber
401 Van Ness Ave., Room 404
San Francisco, CA 94102

Special Meeting

Members Present: Michael Yaki, Leslie Katz, Mark Leno.

981427 [CEQA Findings]

Supervisor Yaki

Resolution adopting environmental findings (and a statement of overriding considerations) pursuant to the California Environmental Quality Act and State Guidelines in connection with adoption of the Mission Bay North and Mission Bay South Redevelopment Plans and various other actions necessary to implement such plans.

8/24/98, ASSIGNED UNDER 30 DAY RULE to Economic Development, Transportation, and Technology Committee, expires on 9/23/1998.

9/14/98, SUBSTITUTED.

9/14/98, ASSIGNED UNDER 30 DAY RULE to Economic Development, Transportation, and Technology Committee, expires on 10/14/1998.

10/7/98, TRANSFERRED to Finance Committee. A specially constituted Finance Committee, consisting of Supervisors Yaki, Katz and Leno.

Heard in Committee.

Amendment of the Whole presented by Supervisor Yaki.

AMENDED, AN AMENDMENT OF THE WHOLE BEARING SAME TITLE.

RECOMMENDED AS AMENDED by the following vote:

Ayes: 3 - Yaki, Katz, Leno

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OCT 21 1998

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981432 [Mission Bay North Tax Allocation Agreement]**Supervisor Yaki**

Resolution approving and authorizing a tax increment allocation pledge agreement between the City and County of San Francisco and the Redevelopment Agency of the City and County of San Francisco, concerning the pledge of net available tax increment from the Mission Bay North Plan Area for the purpose of financing public infrastructure in furtherance of the implementation of the Redevelopment Plan for the Mission Bay North project and for development of affordable housing in the Mission Bay North and South Plan Areas; authorizing and approving the incurrence of bonded indebtedness by the Redevelopment Agency not to exceed \$190,000,000 for such purposes; approving the use of available housing increment produced in the Mission Bay North Plan Area for the development of affordable housing on parcels to be contributed to the Redevelopment Agency; adopting findings pursuant to the California Environmental Quality Act; and adopting findings that the agreement is consistent with the City's General Plan and Eight Priority Policies of the Planning Code Section 101.1.
(Fiscal impact.)

8/24/98, ASSIGNED UNDER 30 DAY RULE to Economic Development, Transportation, and Technology Committee, expires on 9/23/1998.

9/14/98, SUBSTITUTED.

9/14/98, ASSIGNED UNDER 30 DAY RULE to Economic Development, Transportation, and Technology Committee, expires on 10/14/1998.

10/7/98, TRANSFERRED to Finance Committee. A specially constituted Finance Committee, consisting of Supervisors Yaki, Katz and Leno.

Heard in Committee.

RECOMMENDED by the following vote:

Ayes: 3 - Yaki, Katz, Leno

981433 [Mission Bay South Tax Allocation Agreement]**Supervisor Yaki**

Resolution approving and authorizing a tax increment allocation pledge agreement between the City and County of San Francisco and the Redevelopment Agency of the City and County of San Francisco, concerning the pledge of net available tax increment from the Mission Bay South Plan Area for the purpose of financing public infrastructure in furtherance of the implementation of the Redevelopment Plan for the Mission Bay South project and for the development of affordable housing in the Mission Bay North and South Plan Areas; authorizing and approving the incurrence of bonded indebtedness by the Redevelopment Agency not to exceed \$450,000,000 for such purposes; approving the use of all available housing increment produced in the Mission Bay South Plan Area for the development of affordable housing on parcels to be contributed to the Redevelopment Agency; adopting findings pursuant to the California Environmental Quality Act; and adopting findings that the agreement is consistent with the City's General Plan and Eight Priority Policies of the Planning Code Section 101.1.
(Fiscal impact.)

8/24/98, ASSIGNED UNDER 30 DAY RULE to Economic Development, Transportation, and Technology Committee, expires on 9/23/1998.

9/14/98, SUBSTITUTED.

9/14/98, ASSIGNED UNDER 30 DAY RULE to Economic Development, Transportation, and Technology Committee, expires on 10/14/1998.

10/7/98, TRANSFERRED to Finance Committee. A specially constituted Finance Committee, consisting of Supervisors Yaki, Katz and Leno.

Heard in Committee.

RECOMMENDED by the following vote:

Ayes: 3 - Yaki, Katz, Leno

981434 [Land Donation Agreement, UCSF Campus]**Supervisor Yaki**

Resolution approving and authorizing a land donation agreement between the City and County and the Regents of the University of California, for the contribution to the Regents, at no transfer price of approximately 11.89 acres of City-owned present and former street areas, for the development of a new UCSF expansion campus in Mission Bay South; adopting findings pursuant to the California Environmental Quality Act; and adopting findings that the conveyance is consistent with the City's General Plan and Eight Priority Policies of the Planning Code Section 101.1.

(Fiscal impact.)

8/24/98, ASSIGNED UNDER 30 DAY RULE to Economic Development, Transportation, and Technology Committee, expires on 9/23/1998.

9/14/98, SUBSTITUTED.

9/14/98, ASSIGNED UNDER 30 DAY RULE to Economic Development, Transportation, and Technology Committee, expires on 10/14/1998.

10/7/98, TRANSFERRED to Finance Committee. A specially constituted Finance Committee, consisting of Supervisors Yaki, Katz and Leno.

Heard in Committee.

RECOMMENDED by the following vote:

Ayes: 3 - Yaki, Katz, Leno

IMPORTANT INFORMATION**Adjournment**

GOVERNMENT INFORMATION CENTER (2)
MAIN LIBRARY - CIVIC CENTER
100 Larkin Street
DEPARTMENT 41



City and County of San Francisco

Meeting Agenda Finance Committee

Veterans Building
401 Van Ness Avenue,
Room 308
San Francisco, CA
94102-4532

Members: Supervisors Mabel Teng, Barbara Kaufman, Gavin Newsom

Clerk: Joni Blanchard

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Wednesday, October 14, 1998

1:00 PM

Veterans Building, 401 Van Ness Avenue,
Room 410

Regular Meeting

REGULAR AGENDA

DOCUMENTS DEPT. 10/13/98

OCT 13 1998

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1. 981607 [Waiving Statue of Limitations]
Resolution waiving the statute of limitations with respect to to payment of certain warrants of the City and County of San Francisco, in the amount of \$11,514.07, a legal obligation of the City and County of San Francisco. (Payee, Robert C. Williams). (Controller)

9/23/98, RECEIVED AND ASSIGNED to Finance Committee.
2. 981641 [Waive Statute of Limitations, Mary Williams]
Resolution waiving the statute of limitations with respect to payment of certain warrants of the City and County of San Francisco, in the amount of \$7,863.32 a legal obligation of the City and County of San Francisco. (Controller)

9/30/98, RECEIVED AND ASSIGNED to Finance Committee.
3. 981528 [Benchmark/Performance Standards] Supervisor Teng
Hearing to consider benchmark and performance standards for Municipal Railway.

9/14/98, RECEIVED AND ASSIGNED to Finance Committee.

Adjournment

IMPORTANT INFORMATION

NOTE: Persons unable to attend the meeting may submit to the City, by the time the proceeding begins, written comments regarding the agenda items above. These comments will be made a part of the official public record and shall be brought to the attention of the Board of Supervisors. Any written comments should be sent to Committee Clerk, Finance Committee, San Francisco Board of Supervisors, 401 Van Ness Avenue, Room 308, San Francisco, California 94102 by 5:00 p.m. on the day prior to the hearing. Comments which cannot be delivered to the committee clerk by that time may be taken directly to the hearing at the location above.

LEGISLATION UNDER THE 30-DAY RULE

Rule 5.40 provides that when an ordinance or resolution is introduced which would CREATE OR REVISE MAJOR CITY POLICY, the committee to which the legislation is assigned shall not consider the legislation until at least thirty days after the date of introduction. The provisions of this rule shall not apply to the routine operations of the departments of the City or when a legal time limit controls the hearing timing. In general, the rule shall not apply to hearings to consider subject matter when no legislation has been presented, nor shall the rule apply to resolutions which simply URGE action to be taken.

- | | | | |
|----|--------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|
| 4. | 981508 | [Living Wage Task Force] | Supervisor Kaufman |
| | | Resolution establishing an advisory task force to evaluate the impact of living wage proposals on San Francisco's economy, businesses, non-profit organizations and residents and setting forth the membership and duties of the task force (Living Wage Task Force). | |

9/14/98, ASSIGNED UNDER 30 DAY RULE to Finance Committee, expires on 10/14/1998.

Watch future agendas for matters.

Disability Access

Both the Committee Room (Room 410) and the Chamber (Room 404) are wheelchair accessible. The closest accessible BART Station is Civic Center, four blocks from the Veterans Building. Accessible MUNI lines serving this location are: #42 Downtown Loop, the #71 Haight/Noriega, the F line to Market and Van Ness and the METRO stations at Van Ness and Market and at Civic Center. For more information about MUNI accessible services, call 923-6142.

There is accessible parking in the vicinity of the Veterans Building adjacent to Davies Hall and the War Memorial Complex.

Assistive listening devices are available for use in the Meeting Room and the Board Chamber. A device can be borrowed prior to or during a meeting. Borrower identification is required and must be held by Room 308 staff.

The following services are available on request 48 hours prior to the meeting or hearing:

For American sign language interpreters or the use of a reader during a meeting, contact Violeta Mosuela at (415) 554-7704.

For a large print copy of an agenda, contact Moe Vazquez at (415) 554-4909.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illness, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City to accommodate these individuals.

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. The Sunshine Ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force at 554-4851.

**FINANCE COMMITTEE
S.F. BOARD OF SUPERVISORS
VETERANS BUILDING
401 VAN NESS AVENUE, ROOM 308
SAN FRANCISCO, CA 94102**

IMPORTANT HEARING NOTICE!!!

**Bill Lynch
Govt Information Ctr
41 Library
100 Larkin Street**

CITY AND COUNTY



OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642
FAX (415) 252-0461

October 9, 1998

TO: Finance Committee

FROM: Budget Analyst *Recommendations for meeting of.*

SUBJECT: *Oct 14* October 14, 1998 Finance Committee Meeting

DOCUMENTS DEPT.

OCT 14 1998

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Item 1 – File 98-1607

Department: Controller's Office

Item: Resolution waiving the Statute of Limitations with respect to the payment of 63 warrants of the City and County of San Francisco, in the total amount of \$11,514.07, a legal obligation of the City and County of San Francisco.

Description: According to Section 10.181 of the Administrative Code, a warrant issued by the City becomes void one year from the date issued. According to Section 10.182 of the Administrative Code, the payee of the warrant may present the warrant to the Controller for payment up to three years from the date that it was rendered invalid or four years from the original issue date, and the Controller is authorized to draw a new warrant in favor of the payee in the same amount as the original warrant. After that time period, when the Statute of Limitations has expired, the Controller may no longer pay such a warrant without first obtaining approval from the Board of Supervisors.

Memo to Finance Committee
October 14, 1998 Finance Committee Meeting

The proposed resolution would waive the statute of limitations and would authorize the Controller's Office to replace 63 warrants totaling \$11,514.07 issued between April 4, 1995 and December 23, 1997 to Mr. Robert C. Williams, a current employee of the Recreation and Park Department.

A list of the 63 warrants issued to Mr. Robert C. Williams is shown in the Attachment to this report.

Comments:

1. According to Mr. John Madden of the Controller's Office, the 63 warrants were previously issued to Mr. Robert C. Williams by the Recreation and Park Department. The Controller's Office reports that the 63 warrants were never cashed and have been canceled by the Controller's Office.

2. Mr. Madden advises that there are sufficient funds in the Warrants Account of the FY 1998-99 General City Responsibilities Budget to pay for the one new warrant in the amount of \$11,514.07 that would be reissued to Mr. Williams by the Controller's Office.

Recommendation:

Approve the proposed resolution.

<u>Payee</u>	<u>Warrant No.</u>	<u>Date Issued</u>	<u>Amount</u>	
01) Williams, Robert C.	517-0111378	04-04-95	\$ 222.50	
02) Williams, Robert C.	517-0136317	04-18-95	\$ 222.49	
03) Williams, Robert C.	517-0161304	05-02-95	\$ 232.50	
04) Williams, Robert C.	517-0186277	05-16-95	\$ 232.49	
05) Williams, Robert C.	517-0214146	05-30-95	\$ 232.50	
06) Williams, Robert C.	517-0239014	06-13-95	\$ 198.57	
07) Williams, Robert C.	517-0262918	06-27-95	\$ 232.49	
08) Williams, Robert C.	517-0286192	07-11-95	\$ 232.50	
09) Williams, Robert C.	517-0310587	07-25-95	\$ 213.52	
10) Williams, Robert C.	517-0335629	08-08-95	\$ 213.51	
11) Williams, Robert C.	517-0358906	08-22-95	\$ 213.51	
12) Williams, Robert C.	517-0383588	09-05-95	\$ 213.52	
13) Williams, Robert C.	517-0410679	09-19-95	\$ 167.22	
14) Williams, Robert C.	517-0440149	10-03-95	\$ 213.52	
15) Williams, Robert C.	517-0462939	10-17-95	\$ 213.50	
16) Williams, Robert C.	517-0484894	10-31-95	\$ 167.24	
17) Williams, Robert C.	517-0506986	11-14-95	\$ 213.51	
18) Williams, Robert C.	517-0527524	11-28-95	\$ 213.51	
19) Williams, Robert C.	517-0548867	12-12-95	\$ 213.52	
20) Williams, Robert C.	517-0574248	12-26-95	\$ 213.50	\$ 4,275.62
21) Williams, Robert C.	517-0593468	01-09-96	\$ 167.80	
22) Williams, Robert C.	517-0611217	01-23-96	\$ 168.75	
23) Williams, Robert C.	517-0631148	02-06-96	\$ 169.28	
24) Williams, Robert C.	517-0651288	02-20-96	\$ 216.12	
25) Williams, Robert C.	517-0670541	03-05-96	\$ 169.28	
26) Williams, Robert C.	517-0688614	03-19-96	\$ 216.11	
27) Williams, Robert C.	517-0706199	04-02-96	\$ 216.12	
28) Williams, Robert C.	517-0723292	04-16-96	\$ 260.12	
29) Williams, Robert C.	517-0740282	04-30-96	\$ 216.12	
30) Williams, Robert C.	517-0789774	06-11-96	\$ 213.22	
31) Williams, Robert C.	517-0805032	06-25-96	\$ 166.39	
32) Williams, Robert C.	517-0820569	07-09-96	\$ 69.21	
33) Williams, Robert C.	517-0835903	07-23-96	\$ 223.11	
34) Williams, Robert C.	517-0853641	08-06-96	\$ 178.28	
35) Williams, Robert C.	517-0869348	08-20-96	\$ 174.38	
36) Williams, Robert C.	517-0885958	09-03-96	\$ 77.70	
37) Williams, Robert C.	517-0902773	09-17-96	\$ 77.68	
38) Williams, Robert C.	517-0918430	10-01-96	\$ 252.23	
39) Williams, Robert C.	517-0934103	10-15-96	\$ 61.93	
40) Williams, Robert C.	517-0934104	10-15-96	\$ 316.95	
41) Williams, Robert C.	517-0981127	11-26-96	\$ 57.45	
42) Williams, Robert C.	517-0996433	12-10-96	\$ 42.82	
43) Williams, Robert C.	517-1011823	12-24-96	\$ 160.34	\$ 3,871.39
44) Williams, Robert C.	517-1041066	01-21-97	\$ 182.88	
45) Williams, Robert C.	517-1056083	02-04-97	\$ 113.54	
46) Williams, Robert C.	517-1129865	04-15-97	\$ 38.26	
47) Williams, Robert C.	517-1158637	05-13-97	\$ 74.17	
48) Williams, Robert C.	517-1173080	05-27-97	\$ 166.88	
49) Williams, Robert C.	517-1187425	06-10-97	\$ 194.51	
50) Williams, Robert C.	517-1200961	06-24-97	\$ 157.28	
51) Williams, Robert C.	517-1214936	07-08-97	\$ 138.33	
52) Williams, Robert C.	517-1228834	07-22-97	\$ 158.95	
53) Williams, Robert C.	517-1242452	08-05-97	\$ 140.38	
54) Williams, Robert C.	517-1255857	08-19-97	\$ 203.41	
55) Williams, Robert C.	517-1270137	09-02-97	\$ 190.81	
56) Williams, Robert C.	517-1283974	09-16-97	\$ 210.34	
57) Williams, Robert C.	517-1298046	09-30-97	\$ 327.11	
58) Williams, Robert C.	517-1311921	10-14-97	\$ 140.38	
59) Williams, Robert C.	517-1326200	10-28-97	\$ 203.40	
60) Williams, Robert C.	517-1339833	11-11-97	\$ 255.15	
61) Williams, Robert C.	517-1353403	11-25-97	\$ 228.64	
62) Williams, Robert C.	517-1367765	12-09-97	\$ 89.66	
63) Williams, Robert C.	517-1382698	12-23-97	\$ 152.98	\$ 3,367.06

Grand Total

\$11,514.07

Item 2 – File 98-1641

Department: Controller's Office

Item: Resolution waiving the Statute of Limitations with respect to the payment of two warrants of the City and County of San Francisco, in the total amount of \$7,863.32, a legal obligation of the City and County of San Francisco.

Description: According to Section 10.181 of the Administrative Code, a warrant issued by the City becomes void one year from the date issued. According to Section 10.182 of the Administrative Code, the payee of the warrant may present the warrant to the Controller for payment up to three years from the date that it was rendered invalid or four years from the original issue date, and the Controller is authorized to draw a new warrant in favor of the payee in the same amount as the original warrant. After that time period, when the Statute of Limitations has expired, the Controller may no longer pay such a warrant without first obtaining approval from the Board of Supervisors.

The proposed resolution would waive the statute of limitations and would authorize the Controller's Office to replace two warrants, one for accrued vacation pay and the other for accrued sick pay, totaling \$7,863.32 issued on July 8, 1992 to Mr. Randy Williams, a former employee of the Police Department, as follows:

<u>Payee</u>	<u>Warrant No.</u>	<u>Date Issued</u>	<u>Amount</u>
Randy Williams	516-9037239	07/08/92	\$3,931.66
Randy Williams	516-9037240	07/08/92	<u>3,931.66</u>
Total			\$7,863.32

Comments: 1. According to Mr. John Madden of the Controller's Office, the two warrants were previously issued by the Police Department to Mr. Williams, who died before cashing the warrants. The Controller's Office reports that the warrants have been cancelled. Claim to the funds has been made by Ms. Mary Williams, the beneficiary of Mr. William's estate.

2. Mr. Madden advises that there are sufficient funds in the Warrants Account of the FY 1998-99 General City Responsibilities Budget to pay for the one new warrant in the amount of \$7,863.32 that would be reissued to Ms. Williams by the Controller's Office.

Recommendation: Approve the proposed resolution.

Item 3 – File 98-1528

- Department:** Municipal Railway (MUNI)
Public Transportation Commission (PTC)
- Item:** Hearing to consider establishing benchmark and performance standards for MUNI which would allow the Finance Committee to track improvements in all areas of MUNI service.
- Description:** The Finance Committee recommended funding MUNI's entire FY 1998-99 budget which was finally approved by the Board of Supervisors in the amount of \$333,145,441. The FY 1998-99 MUNI budget is \$26,881,217 more than the \$306,264,224 budget approved for MUNI in FY 1997-98.
- In recommending approval of the FY 1998-99 MUNI budget to the full Board of Supervisors, with no budget reductions to the Mayor's recommended MUNI budget, the Finance Committee requested that the Director of Public Transportation report back to the Committee with a strategic plan including benchmark and performance standards that will track the Department's improvement based on the "no excuses budget." The Director of Public Transportation was also requested by the Finance Committee to subsequently report back to the Finance Committee on the Department's progress on a quarterly basis, based on the standards set forth by the Finance Committee.
- The Director of Public Transportation was requested to provide the Finance Committee with a comprehensive report, providing quantifiable benchmark and performance standards for purposes of tracking MUNI's improvements in the areas of reliability, safety, and customer service.
- Comments:** 1. Mr. P.J. Johnston of the Department of Public Transportation advised that Mr. Emilio Cruz will report directly to the Finance Committee on this matter at its Committee meeting of October 14, 1998.

2. The Budget Analyst has received the Controller's latest Monthly Salary and Fringe Benefit Projection Report. The Controller's report, based on the first 5.8 pay periods of FY 1998-99 (for the period between July 1, 1998 and September 18, 1998) provides the following projections:

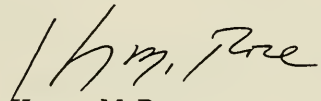
- Using actual expenditure data from the last pay period (ending September 18, 1998), the Controller projects that the Municipal Railway will end FY 1998-99 with a salary and fringe benefit surplus of \$5,836,705.
- Based on the average actual expenditures for the first 5.8 pay periods, the Municipal Railway will end FY 1998-99 with a salary and fringe benefit surplus of \$7,946,621.

Based on the actual salary and fringe benefit expenditure data presented in the Monthly Salary and Fringe Benefit Projection Report, the Budget Analyst concurs with the Controller's projections.

3. Mr. Fred Clarke of the Department of Public Transportation responds to the Controller's projections by noting that MUNI's spending of the salary and fringe benefits budget should not be projected on a straight line basis. MUNI is preparing to launch a hiring effort to fill existing vacancies which would result in a significantly higher rate of salary and fringe benefit expenditure than the rate shown in the first quarter's spending. Mr. Clarke advises that to project MUNI's spending based on actual expenditures in the first quarter, without consideration of planned future expenditures, would result in an inaccurate projection. Mr. Clarke further notes that MUNI does not anticipate a FY 1998-99 budget surplus in salaries and fringe benefits.

Memo to Finance Committee
October 14, 1998 Finance Committee Meeting

The Budget Analyst acknowledges that the MUNI budget was based on increased hiring throughout the Fiscal Year, and increasing rates of expenditures as new employees are hired. However, over the first 5.8 pay periods of the Fiscal Year, MUNI spending does not appear to have shown dramatic increases. In the professional judgement of the Budget Analyst, it is likely, based on the evidence so far, that MUNI will finish the Fiscal Year with a surplus in its salary and fringe benefit accounts.



Harvey M. Rose

cc: Supervisor Teng
President Kaufman
Supervisor Newsom
Supervisor Ammiano
Supervisor Bierman
Supervisor Brown
Supervisor Katz
Supervisor Leno
Supervisor Medina
Supervisor Yaki
Supervisor Yee
Clerk of the Board
Controller
Gail Feldman
Matthew Hymel
Stephen Kawa
Ted Lakey

BOARD OF SUPERVISORS
BUDGET ANALYST

90.25
1
12/1/98
cancelled

BOARD of SUPERVISORS



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NOTICE OF CANCELLED MEETING

FINANCE COMMITTEE

SAN FRANCISCO BOARD OF SUPERVISORS

NOTICE IS HEREBY GIVEN That the regularly scheduled Finance
Committee meeting of Wednesday, October 21, 1998, at 1:00 p.m., at
401 Van Ness Avenue, Room 410, has been cancelled.

A handwritten signature in cursive script, reading "Gloria L. Young".

Gloria L. Young
Clerk of the Board

90.25

1

1/28/98

cancelled

BOARD of SUPERVISORS



401 Van Ness Avenue, Room 308
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NOTICE OF CANCELLED MEETING

FINANCE COMMITTEE

SAN FRANCISCO BOARD OF SUPERVISORS

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NOTICE IS HEREBY GIVEN That the regularly scheduled Finance
Committee meeting of Wednesday, October 28, 1998, at 1:00 p.m., at
401 Van Ness Avenue, Room 410, has been cancelled.

A handwritten signature in cursive script, reading "Gloria L. Young".

Gloria L. Young
Clerk of the Board

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